ILEMBE DISTRICT MUNICIPALITY

KING SHAKA

ILEMBE UMASIPALA WESIFUNDA

2018/2019

FINAL FIRST DRAFT ANNUAL REPORT

FOR

ILEMBE DISTRICT MUNICIPALITY

JULY 2018 – JUNE 2019

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CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMARY

1.1 OVERVIEW BY HIS WORSHIP THE MAYOR

It is a great honour for me to present the Annual Report of the iLembe District Municipality for the year ending on 30 June 2019.

The purpose of the annual report is to provide a record of the activities of the Council during the financial year, provide a report on performance against the budget of the iLembe Council for the financial year reported on as well as to promote accountability to the local community for the decisions made throughout the year by the Municipality. It is thus aimed at providing all citizens and stakeholders who have an interest in the iLembe District Municipality an insight into the workings of this organisation.

Following the strategic planning session of the iLembe District Municipality for the 2016 – 2021 period which was held between the 24th and the 27th of October 2016, where relevant stakeholders deliberated on ways to overcome the prevailing challenges and chart a path for developing and growing the District over the next five years and beyond, a shared vision i.e. Vision 2030 was set taking into account national and provincial priorities as well as the development visions of the constituent local municipalities.

"BY 2030 ILEMBE DISTRICT MUNICIPALIITY WILL BE A SUSTAINABLE PEOPLE CENTRED ECONOMIC HUB PROVIDING EXCELLENT SERVICES AND QUALITY OF LIFE".

In presenting this Annual Report, the municipality is proud to set out our performance highlights and financial management. The report is published in terms of the requirements of the Municipal Finance Management Act No. 56 of 2003 which requires municipalities to report on all aspects of performance, providing a true, honest and accurate account of the goals set by Council and our successes, including any hindrances towards achieving these goals.

Our five-year strategic plan is aligned to the national KPAs and PGDs and our organisation scorecard as indicated above continues to be organised according to the five prescribed national Key Performance Areas which are;

- Municipal Transformation And Institutional Development
- Local Economic Development And Planning

- Basic Service Delivery
- Financial Viability And Management
- Good Governance And Public Participation

We are proud to acknowledge the collective effort of our leadership, employees, service delivery partners and all citizens who contributed to transforming the municipality into a cohesive institution that is able to deliver on its core mandate.

iLembe is still continuing to embark on vigorous implementation of the Back to Basics (B2B) approach which was launched by the our former State President in 2014. This was done in an effort to recognise and adequately reward good performance and ensure sufficient consequences for under-performance. Our municipality has maintained its status of functional in its implementation of the B2B approach. This indicates that there is good political stability, governance, service delivery, financial management, institutional management and community satisfaction in the District. iLembe District Municipality's overall performance was good with 76% of our targets being met, with 24% not being met by the end of June 2019.

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

During 2018/19 financial year, the vacancy rate was originally at 22,1% but as council we took a decision that our Human Resources Unit must embark on a process of prioritizing posts in order to ensure alignment with the budget affordability, and in line with our austerity measures.

LOCAL ECONOMIC DEVELOPMENT AND PLANNING

Enterprise iLembe continues to improve co-ordination of Local Economic Development in the District including the upscaling of agriculture, capitalising on tourism potential, increasing manufacturing output and ensuring job creation.

iLembe District is committed to creating an enabling environment that will see the growth and emancipation of the local emerging entities owned by black people. During this period, we are also reporting on the Enterprise iLembe (EI) having introduced SMME support strategies to assist local SMMEs who are in great need of support structure and awareness about the available options for them in order to enable growth of their businesses. Through its LED function, EI remains responsible for the support and incubation of the emerging entities through allocating work using our own procurement systems. This will take our objectives a step further towards the realization of economic empowerment of our previously disadvantaged individuals.

BASIC SERVICE DELIVERY

As iLembe District we are proud of the achievements made in the delivery of basic services to our people. In terms of the targets that were set for 2018/19 financial year, 1099 households were targeted for connection to water services with 1604 households connected, and this was an over achievement since the actual percentage is 146 %. Again, 1800 households were targeted for connection to sanitation, but only 1361 households were connected, which makes for a percentage of 76%. Overall, a lot of our communities (especially in our rural municipalities of Maphumulo, Ndwedwe and Mandeni), benefitted immensely in our water and sanitation programmes during the period under review.

We recognise the challenges that are being experienced with regard to the provision of water and sanitation, and are therefore working tirelessly towards implementing measures to improve our performance. The issue of water losses remains a cause for concern as it was at 62% during the 2018/19 financial year. The municipality is implementing a number of interventions towards ensuring that the issue of water losses, including the development of a five-year strategic master plan for the reduction of non-revenue water, which has been adopted by the municipality to address this problem.

In terms of the 2018/2019 Performance Rating for Service Providers, there has been a significant improvement as compared to the previous financial year since the rating for Umngeni Water and Gledhow Sugar is both at an acceptable level (good), with Sembcorp Siza Water rated to be very good during the period under review.

FINANCIAL VIABILITY AND MANAGEMENT

iLembe District Municipality, and its entity (Enterprise iLembe) both obtained unqualified audit opinions with findings during 2018/2019 financial year. The average number of days taken for trade creditors to be paid is at 47 days when compared to the target of 30 days. The cash flow position of the municipality continues to be constrained given the persisted poor collection rate particularly from historical debt. The revenue collection for 2018/19 financial year was 64%, as compared to the set target of 75%. Management and Council are working vigorously to turn the situation around by means of strengthening the credit control and collection measures, implementing stringent cash flow monitoring, including revamping and re-enforcing control measures at the Stores Department, and these are some of the measures that are implemented.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Community Services remains one of our core functions as the district, and through this function we have been able to get involved in activities that are entirely community based and are directed towards creating awareness to improve the lives of our communities through education campaigns and celebratory events in collaboration with communities, sector departments, non-governmental organisations, and relevant stakeholders.

Public Participation remains an important pillar of our democracy. As stipulated in the legislative framework governing local government, the municipality has undertaken various initiatives to ensure an informed and active citizenry. A total number of forty two (42) planned public participation meetings were held, with 100% of meetings requested also conducted during the process.

The achievements and resourceful service delivery programmes presented in this annual report are all due to the hard work and dedication by iLembe District Municipality, particularly, Councillors and employees.

I would like to extend my gratitude to the Municipal Manager and the entire team of officials who are central in the execution of our vision and we commit ourselves to continue reaching for greater heights as we move forward.

Gumede

His Worship the Mayor
Cllr S.S. Gumede
Date: 04 February 2020

1.2 FOREWORD BY THE MUNICIPAL MANAGER

In keeping with Section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), Section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003, as well as accompanying circulars, templates and guidelines, we are duty bound to prepare an Annual Report for the 2018/2019 financial year. In particular, MFMA Circular No. 63, issued in September 2012, added guidance to the preparation of this annual report, requiring all municipalities to report within the established framework and for such reports to be submitted to the Auditor General at the same time as the Annual Financial Statements in August each year.

According to the MFMA, this Report should include:

(a) The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA

(b) The Auditor-General's audit report in terms of section 126 (3) of the MFMA and in accordance with s45 (b) of the MSA; on the financial statements in (a) above;

(c) The annual performance report of the Municipality as prepared by the iLembe District Municipality in terms of section 45(b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);

(d) An assessment of the arrears on municipal taxes and service charges;

(e) An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3) (b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year

(f) Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and

(g) Recommendations of the Municipality's Audit Committee

As a district, we are faced with a number of challenges, relating to the non payment of services. To date, we have not seen a significant improvement on the debt of over R 270 million that is owed to us by residents on the services that we render to them.

The effect of non-payment has a negative impact on the cash flow of the Municipality and negatively affects financial viability. Non-payment directly impacts the day to day operations of the municipality as we have limited revenue to fund operational expenditure and internally funded capital projects.

With the wisdom and unwavering support of our political leadership, as management we were able to do all we could do to sail through the challenges. This includes amongst other things the door-to-door revenue enhancement campaigns (Thuma Mina Campaigns) we have held in most of our local municipalities. These campaigns seek to encourage local communities to pay for municipal services and plans are underway to ensure that these campaigns are conducted on an ongoing basis.

This report records the performance and progress made by iLembe District Municipality in fulfilling its strategic objectives as contained in the Integrated Development Plan (IDP), Institutional Scorecard and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council during the period under review. The 2018/2019 financial year also saw us enjoy a string of successes from an administrative perspective. We are also required to report on the performance of the municipality's entity, which is iLembe Enterprise for which we have total ownership.

As leadership and management we are content with the level of improvement in the manner in which we live up to the promise of delivering services to our people. Of course this is limited to the powers and functions that are allocated to the District Municipality as well as the limited financial and technical resources and other factors that have a bearing on our ability to deliver services to our people.

FINANCIAL PERFOMANCE

Financial Viability remains a priority amongst the organizational strategic imperatives. The financial year under review was not different from other financial years in terms of placing a dedicated focus on how the financial situation of the Municipality can be turned around from the historic turbulent position into a more stable one. As we are closely approaching the four year of implementing the financial turnaround strategy that was adopted by Council back December 2016, it is indeed encouraging to report remarkable achievement in certain critical areas though we are very mindful of those that remain a challenge.

One of the key areas Council had set itself to prioritize implementing was the issue of budget control. It is pleasing that as we speak, the Municipality has constantly maintained fully cash funded budget over the past three financial years. While this control is in place, the Municipality has been able to manage its budget efficiently, resulting in 94% of budget spent in expenditure (capital and operational combined). Approximately 67% of capital budget was spent on agreed IDP projects with the balance of budget not spent mainly as a result of bid objections that the Municipality had to deal with through the requisite SCM processes.

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While liquidity still remains one of the major challenges that the Municipality still has to contend with, the situation is improving, with 37 days cash on hand reported for the 2018/19 financial year compared to the 30 days cash on hand reported in the previous year. We are projecting that this trend of improvement will continue into the upcoming financial years.

Two areas that remain the greatest challenge for the Municipality is the debt collection rate and the inability to pay suppliers on time at certain times. On average, it took the Municipality 47 days to pay suppliers during 2018/19 financial year against a target of 30 days from date of receiving an invoice. In the same period, the Municipality's debt collection rate stood at 64% against the set target of 75%. The Management is working tirelessly to improve on these and other areas where we have not done well.

RECOGNITION OF ILEMBE DISTRICT MUNICIPALITY BY CIGFARO

As a municipality, we continue to strive for excellence, having being recognised previously by KZN Cogta for producing credible IDP's. The period under review was no exception as iLembe District received an award as the Best Performing Municipality by CIGFARO (Chartered Institute Of Government Finance, Audit And Risk Officers), which is a credible body.

Public engagements were held with the communities of the respective local municipalities to engage them on their needs and the approval of the budget during October/November 2018 and April/May 2019.

A number of these roadshows were attended by His Worship, the Mayor, Cllr Siduduzo Gumede, EXCO members, fellow councillors and myself as the Municipal Manager. All sectors, including Amakhosi, religious and business leaders, were also consulted during this critical process.

In line with the call by the State President of our country, we have continued to conduct a number of Thuma Mina Campaigns in our communities, and that have been hailed as a huge success. As iLembe District Municipality, we encourage all of our residents and ratepayers from our beautiful district to pay for services, whilst continuing to be the agents of change for the betterment of all communities.

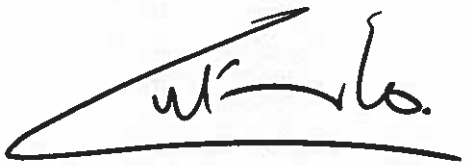
TOP FIVE (5) STRATEGIC RISKS FACING THE MUNICIPALITY DURING 2018/2019 FINANCIAL YEAR

It is important to mention that to ensure the long term sustainability of the municipality, as a collective, we need to deal with the top five risks that have been identified. Below are the top 5 strategic risks that have been identified during the period under review:

- Business Support: Lack of communication with Stakeholders and communities;
- Strategy: Inappropriate Corporate Culture;
- Health and Safety Management: Inadequate Occupational Health & Safety (OHS) systems;
- Technical Services: Scarce raw water sources; and
- Service Delivery: Violent Public Protest.

There is a strong political and administrative will to deal with the above mentioned risks, as there a mitigation strategies that have been put in place and are being closely monitored by our Enterprise Risk Management Unit working closely with the entire management team.

In conclusion, I would like to thank our political leadership, management team and all our employees for their hard work and continued commitment in ensuring that iLembe District Municipality deliver on its obligations and commitment to the people of South Africa. I look forward to another year in which we will continue to build on our achievements and work together to find innovative ways to overcome our challenges and ensure that we continue to serve our people as required by the Constitution.



Mr. NG Kumalo
Municipal Manager
Date: 04 February 2020

1.3 MUNICIPAL OVERVIEW

1.3.1 ILEMBE DISTRICT MUNICIPALITY PROFILE

The iLembe District Municipality (DC29) lies on the east coast of KwaZulu-Natal, between eThekwini Metro in the south and King Cetshwayo District in the North. To the west, iLembe is bordered by two Districts; uMgungundlovu and uMzinyathi. At 3 260km², this is the smallest of the 10 KZN District Municipalities with a total population of approximately 657,612 people (Statics SA Community Survey 2016). iLembe District is constituted by four Local Municipalities; Mandeni, KwaDukuza, Ndwedwe and Maphumulo. See map 1 for an Overview of the iLembe Region.

iLembe is located between two of Africa's busiest ports, Durban and Richards Bay, on the primary economic development corridor in the province, and is therefore well positioned not only to local, but also international markets, the King Shaka International Airport and the Dube Trade Port, just a few kilometres from the southern border of iLembe, have amplified what was already a prime investment destination. The District is made up of 45 Traditional Authorities (TA) areas where settlement is controlled by TA according to a traditional land tenure system. These TA areas cover approximately 63% of the total area of iLembe; where the Ingonyama Trust own the majority of the land within the municipality of Maphumulo, the lower reaches of Ndwedwe (69%) and coastal and inland reaches of Mandeni (49%).

The northern areas of Ndwedwe, the central corridor of Mandeni and KwaDukuza Municipality are the commercial farming hubs of the District. The commercial farming areas of KwaDukuza, Mandeni and Ndwedwe (31% of the iLembe District) are mainly under privately owned sugar cane. Areas of urbanisation in the District comprise of KwaDukuza, Mandeni, the Dolphin Coast and Nkwazi Land uses within these areas are typically urban mixed uses with high levels of infrastructural and service development and an adequate provision of social facilities and services to support the resident populations. Industrial development is concentrated in KwaDukuza, IsiThebe and Darnall, most notably the Gledhow and Darnall sugar milling operations at Stanger and the Sappi Paper mills at Mandeni.

Informal settlements with limited facilities or infrastructural services occur on the periphery of the developed areas and within the towns of iLembe. Village centres such as Maphumulo and Ndwedwe in the west, Nyoni and Mbizimbelwa in the north, comprise of commercial and service development in the rural areas. They largely exist in association with a magistrate's

court, clinic, pension pay point, health, education and welfare office or similar state service. Wholesale commercial activities have expanded and these villages have emerged as supply centres and transportation hubs to the remote rural areas of iLembe.

Despite its strategic location, iLembe faces numerous economic challenges such as the high levels of poverty in the rural inland areas, which contrasts with rapid development along its coastal regions. The District has been proactive in developing Enterprise iLembe, a broad based institution aimed at facilitating local economic development in response to its challenges of high rates of unemployment and correspondingly high levels of poverty.

1.3.2 ILEMBE DISTRICT MUNICIPALITY'S 5 YEAR STRATEGIC PLAN ALIGNED TO THE NATIONAL KPAS AND PGDS

Section 25 of the Municipal Systems Act states that each municipal Council must, after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality. Considering this, iLembe District embarked on a process to review and refine its plans in the context of changing needs and new developments.

iLembe Strategic Planning session took place on 24 - 27 October 2016, to reflect on the challenges, performance and progress of development initiatives of the previous term of office, consolidate implementation plans for projects, programmes and pave the way for crafting the new five year, 2017-2022 Integrated Development Plan (IDP) with the current Council.

The table below illustrates iLembe's 5 Year strategic objectives aligned to the 14 National outcomes, PGDS and iLembe's DGDP, as follows:

MUNICIPAL VISION

The current Council assumed office in August 2016 after the local government elections and opted to develop a new vision as follows:

"By 2030 iLembe District Municipality will be a sustainable people-centred economic hub providing excellent services and quality of life"

ILEMBE DISTRICT MUNICIPALITY'S 5 YEAR STRATEGIC PLAN ALIGNMENT TO THE NATIONAL KPAS AND PGDS				
KPA 1: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT				
IDP REF.	**NATIONAL OUTCOME**	**PGDS GOALS**	**ILEMBE DGDP PRIORITY**	**5 YEAR STRATEGIC OBJECTIVE**
MTI01	*4:Decent Employment Through Inclusive Economic Growth* *5: A Skilled And Capable Workforce To Support An Inclusive Growth* *9: Responsive, Accountable, Effective And Efficient Local Government*	*1:Inclusive Economic Growth* *2:Human Resource Development*	Effective Governance, Policy and Social Partnerships	To establish an efficient and productive administration
MTI02				To ensure a sustainable and healthy environment
MTI03				To provide and maintain an effective Document Management System
MTI04				To ensure effective governance through regular Council meetings
MTI05				To provide legal advice and ensure resolution of legal matters against and/or on behalf of the municipality
MTI06				To provide an innovative, effective and efficient Information and Communication Technology service.
KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED) & PLANNING				
IDP REF.	**NATIONAL OUTCOME**	**PGDS GOALS**	**ILEMBE DGDP PRIORITY**	**5 YEAR STRATEGIC OBJECTIVE**
LED01	*4:Decent employment through inclusive economic growth* *6:An efficient, competitive and responsive economic infrastructure network* *7:Vibrant, equitable and sustainable rural communities and food security for all*	*1:Inclusive economic growth* *3:Human & Community Development* *5: Spatial Equity* *6: Environmental Sustainability*	A diverse and growing economy, promote social well-being	To improve co-ordination of LED in the District
LED02				To upscale Agriculture development in the district
LED03				To capitalize on tourism potential of the District
LED04				To increase Manufacturing output within the district.
LED05				To ensure job creation
LED06				To create an ICT platform available to everyone
LED07				To facilitate co-ordinated planning and development
KPA 3: BASIC SERVICE DELIVERY				
IDP REF.	**NATIONAL OUTCOME**	**PGDS GOALS**	**ILEMBE DGDP PRIORITY**	**5 YEAR STRATEGIC OBJECTIVE**
BS01	*8: Sustainable human settlements and improved quality of household life* *9: Responsive accountable,*	*1: Inclusive economic growth* *4: Strategic Infrastructure*	Equity of access A liveable region	To ensure access to potable water for domestic consumption and support local economic development
BS02				To ensure access to basic sanitation for domestic purposes and support local economic development
BS03				Monitor Siza Water concession contract

BS04	*effective and efficient local government system*			Create job opportunities through Infrastructure Project
KPA 4: FINANCIAL VIABILITY & MANAGEMENT				
IDP REF.	**NATIONAL OUTCOME**	**PGDS GOALS**	**ILEMBE DGDP PRIORITY**	**5 YEAR STRATEGIC OBJECTIVE**
FV01	*9:Responsive accountable, effective and efficient local government system*	*7: Governance and Policy*	Effective governance, policy and social partnerships	To ensure sound revenue management
FV02				To ensure sound budgeting and compliance principles
FV03				To ensure sound expenditure management
FV04				To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within the policy framework
FV05				To maintain a clean audit opinion
FV06				To ensure sound and effective asset management
KPA 5: GOOD GOVERNANCE & PUBLIC PARTICIPATION				
IDP REF.	**NATIONAL OUTCOMES**	**PGDS GOALS**	**ILEMBE DGDP PRIORITY**	**5 YEAR STRATEGIC OBJECTIVE**
GP01	*9: Responsive accountable, effective and efficient local government system* *12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship*	*7: Governance and Policy* *3: Human and Community Development*	Promote social well-being, effective governance, policy and social partnerships & a liveable region	To strengthen partnership with various stakeholders through communicating municipal business
GP02				To promote accountability and deepen democracy through capacitating the community to participate and support municipal business.
GP03				To ensure prevention and mitigation against disasters
GP04				To improve the quality of life within the district
GP05				To preserve our History and heritage
GP06				Compliance and good Governance
GP07				To provide independent, objective assurance and consulting services designed to add value and improve the municipality's operations.
GP08				To implement and maintain compliant, effective and efficient enterprise risk management systems and processes.
GP09				To improve the quality of life within the district
GP010				To ensure effective Organisational Performance Management
GP011				To ensure that the entity administration is governed by the sound and effective values and principles as outlined in the constitution of South Africa

Table 1: strategic objectives

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1.3.3 GOVERNMENT PRIORITIES

(a) SUSTAINABLE DEVELOPMENT GOALS (SDG)

At an International level, the Sustainable Development Goals are one of the many United Nations initiatives that guide constituencies on what standards to strive for in terms of people's needs, the environment and other important factors. They serve as a successor to the Millenium Development Goals. They include 17 goals and 169 targets that capture the global aspirations for sustainable development. The municipality's IDP is to some extent aligned with these goals that were adopted in September 2015. The National Development Plan and the Provincial Growth and Development Strategy, to which the iLembe IDP is aligned, have devised interventions that respond to the 17 goals. The current Council has developed this five year IDP that include strategies on how the municipality will be contributing to each of the Sustainable Development Goals between 2017 and 2022. Chapters 3 and 6, contains strategies and projects that link to the SDGs as they appear in the figure below:



FIGURE 1: SUSTAINABLE DEVELOPMENT GOALS

SDGS	IDM RESPONSE
SDG 1: End poverty in all its forms everywhere	• SMME Support programmes by Enterprise iLembe; and • Operation Sukuma Sakhe interventions.
SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Various agricultural projects implemented by Enterprise ILembe, including: • Small holdings farmer support;

	• National Schools Nutrition Programme; and • Hydroponic Tunnel projects.
SDG 3: Ensure healthy lives and promote wellbeing for all at all ages	• Projects and programmes from the department of health included in Chapter 8; and the municipality is implementing various sporting programmes aimed at youth, senior citizens and people with disabilities.
SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Projects and programmes from the department of Education included in Chapter 8 of the IDP.; • Implementation of the municipality's Workplace Skills Plan; and • Implementation of the municipal Bursary Policy.
SDG 5: Achieve gender equality and empower all women and girls	The municipality is implementing various gender equality programmes to empower women, such as; • Implementation of the Municipal Equity Plan; • Take a Girl Child to Work Day initiative; • Teenage Pregnancy Awareness Campaigns; and • Women's Parliament.
SDG 6: Ensure availability and sustainable management of water and sanitation for all	The municipality is implementing various water infrastructure projects to ensure availability of water, these are included in Chapter 6 of the IDP.
SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all	• Eskom projects under Chapter 7 of the IDP.
SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• Enterprise iLembe programmes.
SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	The municipality is implementing various water infrastructure projects to ensure availability of water, these are included in Chapter 6 of the IDP.
SDG 10: Reduce inequality within and among countries	N/A
SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable	The municipality, through water and sanitation infrastructure projects is facilitating the establishment of sustainable human settlements.
SDG 12: Ensure sustainable consumption and production patterns	• The municipality is currently piloting a Recycling programme; and • Development of an Integrated Waste Management Plan.
SDG 13: Take urgent action to combat climate change and its impacts	The municipality will be developing a Climate Change Response Strategy.

SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development	The two coastal Local Municipalities, KwaDukuza and Mandeni, have developed Coastal Management Plans.
SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	The municipality has concluded a Wetland assessment and the draft action plan is included as part of the municipal IDP.
SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	The municipality has various measures in place such as the: • Anti-Fraud and Corruption Policy and Strategy; • A functional external audit committee; • A functional risk management committee; etc.
SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.	The municipality has partnered with various international organisations, including SECO (Switzerland) and ICLEI on economic development and environmental management programmes, respectively.

Table 2: iLembe's Response To SDG'S

(B) MEDIUM TERM STRATEGIC FRAMEWORK

MTSF OUTCOMES	IDM RESPONSE
1. Improve the quality of basic education	Department of Education
2. A long and healthy life for all South Africans	Projects and programmes from the department of health included in Chapter 8; and the municipality is implementing various sporting programmes aimed at youth, senior citizens and people with disabilities.
3. All people in South Africa are and feel safe	South African Police Service
4. Decent employment through inclusive economic growth	Department of Economic Development; Department of Trade and Industry; and Enterprise iLembe.
5. A skilled and capable workforce to support an inclusive growth	Projects and programmes from the department of Education included in Chapter 8 of the IDP.; Implementation of the municipality's Workplace Skills Plan; and Implementation of the municipal Bursary Policy.
6. An efficient, competitive and responsive economic infrastructure network	Projects and programmes by Eskom under Chapter 8 of the IDP.; and Water and Sanitation Projects by the municipality under Chapter 6 of the IDP.

7. Vibrant, equitable and sustainable rural communities with food security for all	Various agricultural projects implemented by Enterprise ILembe, including: Small holdings farmer support; National Schools Nutrition Programme; and Hydroponic Tunnel projects.
8. Sustainable human settlements and improved quality of household life	The municipality, through water and sanitation infrastructure projects is facilitating the establishment of sustainable human settlements.
9. A responsive and accountable, effective and efficient local government system	The Implementation plan contained in Chapter 6 of the IDP.
10. Environmental assets and natural resources that is well protected and continually enhanced	The Municipality has concluded the following Environmental plans: The Environmental Management Framework; Wetland Assessment Report; and Coastal Management Programmes (Mandeni and KwaDukuza).
11. Create a better South Africa and contribute to a better and safer Africa and World	All Government Departments.
12. An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship.	Governance projects included in Chapter 3 and 6 of the IDP.
13. Inclusive and responsive social system	Special projects that are included in Chapter 3 of the IDP.
14. Transforming and unifying the country	iLembe is implementing a number of programmes that foster social cohesion and nation-building, these include: SALGA Games; Golden Games; and Cultural Celebrations (uMkhosi weLembe, Eid, Diwali, etc.)

Table 3: iLembe's response to the 14 National Outcomes

(c) BACK-TO-BASICS APPROACH

"SERVING OUR COMMUNITIES BETTER!!"

The Back to Basics programme outlines governments' plan of action to ensure a focused and strengthened local government by getting the basics right and together with other spheres of government, providing basic services efficiently and effectively and in a caring manner. The main goal is to improve the functioning of municipalities to better serve communities by getting the basics right.

Government has enforced a back-to-basics approach for the country's 278 municipalities. The back-to-basics approach want to sure that robots work, making sure that potholes are filled, water is delivered, refuse is collected, electricity is supplied, refuse and waste management takes place in the right kind of way. Systems to allow national and provincial governments to monitor the performance of municipalities and ensure they respond to crises quicker would be put in place.

These key performance areas for the Back-to-Basics Approach are premised on the five pillars as follows:



Figure 2: Pillars Of Back To Basics

The key performance indicators are assessed under each pillar on a quarterly basis. The programme is measured on an assessment that is main questions, scored and supplementary questions considered and the support plan that is implementation on progress. A 60/40 principle will be applied in terms of scoring. The final results will be categorised as functional, challenged and requiring intervention. The understanding of the categorisation is as follows:

(i) Functional

A good municipality with a score above 70%

- Political stability, functional structures and health admin interface.
- Responsive to service needs & infrastructure well maintained.
- Institutional continuity, clear policy, delegation frameworks in place.
- High collection rate, 7% on maintenance, CAPEX spent and clean audits.
- Community satisfaction, regular engagements and feedback.

(ii) Challenges

A municipality is at risk with a score between 51% to 69%:-

- Signs of political instability, excessive interference in admin or SCM.
- Slow responses to service failures, escalating utility losses or theft.
- Some critical positions not filled, some managers not qualified.
- Low collection rates, CAPEX not spent, declining audit opinions.
- Growing community protests, lack of feedback mechanisms.

(iii) Requiring intervention

A municipality with a score below 50%:-

- High degree of instability, fraud and corruption, committees don't meet
- Collapse in service delivery, outages, asset theft, and poor maintenance.
- Incompetent managers, many vacancies, no delegations.
- Chronic underspending, high debtors, no accountability, disclaimers
- Community dissatisfaction, high number of community protests.

It is against this background that the Ministry of Cooperative Governance and Traditional Affairs has pursued the ***Back to Basics Approach*** to address challenges faced by local government, strengthening municipalities, instilling a sense of urgency towards improving citizens' lives.

The table below illustrates the latest Back to Basics status for iLembe family of municipalities.

MUNICIPALITY	DCOG Sept 2014	IMPROVED / REGRESSED / UNCHANGED			
		KZN COGTA June 2015	KZN COGTA March 2016	KZN COGTA June 2016	KZN COGTA Sept 2016
iLembe DM	Functional	Functional	Challenged	Challenged	Functional
KwaDukuza LM	Functional	Challenged	Requiring Intervention	Challenged	Functional
Mandeni	Challenged	Challenged	Requiring Intervention	Functional	Challenged
Maphumulo	Functional	Challenged	Requiring Intervention	Challenged	Requiring Intervention
Ndwedwe	Challenged	Challenged	Challenged	Requiring Intervention	Requiring Intervention

TABLE 4: B2B STATUS FOR ILEMBE FAMILY OF MUNICIPALITIES

(d) RESPONDING TO IMPACTS OF CLIMATE CHANGE

As part of the implementation of the 2014 District Climate Change resolutions the District is implementing the following project:

PROJECT NAME	PURPOSE	DURATION
Technological need assessment	Identify a list of technologies for the water (adaptation) and energy (mitigation) sector	January to December 2017
Local Action for Biodiversity (LAB): Wetlands South Africa	Identifcation of wetlands and management	2015 to 2017

South africa's low emission programme	Identify energy efficeincy opportunities within treatment plants and office buildings	2016 to 2020
Energy Efficiency programme	Implementing the energy efficiency programme within municipal facilities including buildings	2017/2018 financial year
Recycling programme	to promote recycling within the municipal offices	on-going

TABLE: PROGRAMMES RESPONDING TO CLIMATE CHANGE

(e) DISTRICT GROWTH AND DEVELOPMENT PLAN (DGDP)

iLembe DGDP provides a framework of ensuring the already adopted IDP vision is realized. This will be achieved through a series of goals, strategic objectives, and interventions. All of these will be ultimately linked to a set of apex and primary indicators to measure the level of DGDP implementation.

In 2013, Council adopted the iLembe Regional Spatial Development Plan (IRSDP), which essentially provided a blueprint for the District to become a "sustainable region" by 2050. It was therefore necessary that in developing the DGDP, the proposals contained in the IRSDP were considered. To this end, there is alignment between the five pillars contained in the IRSDP and the six goals of the DGDP as follows:

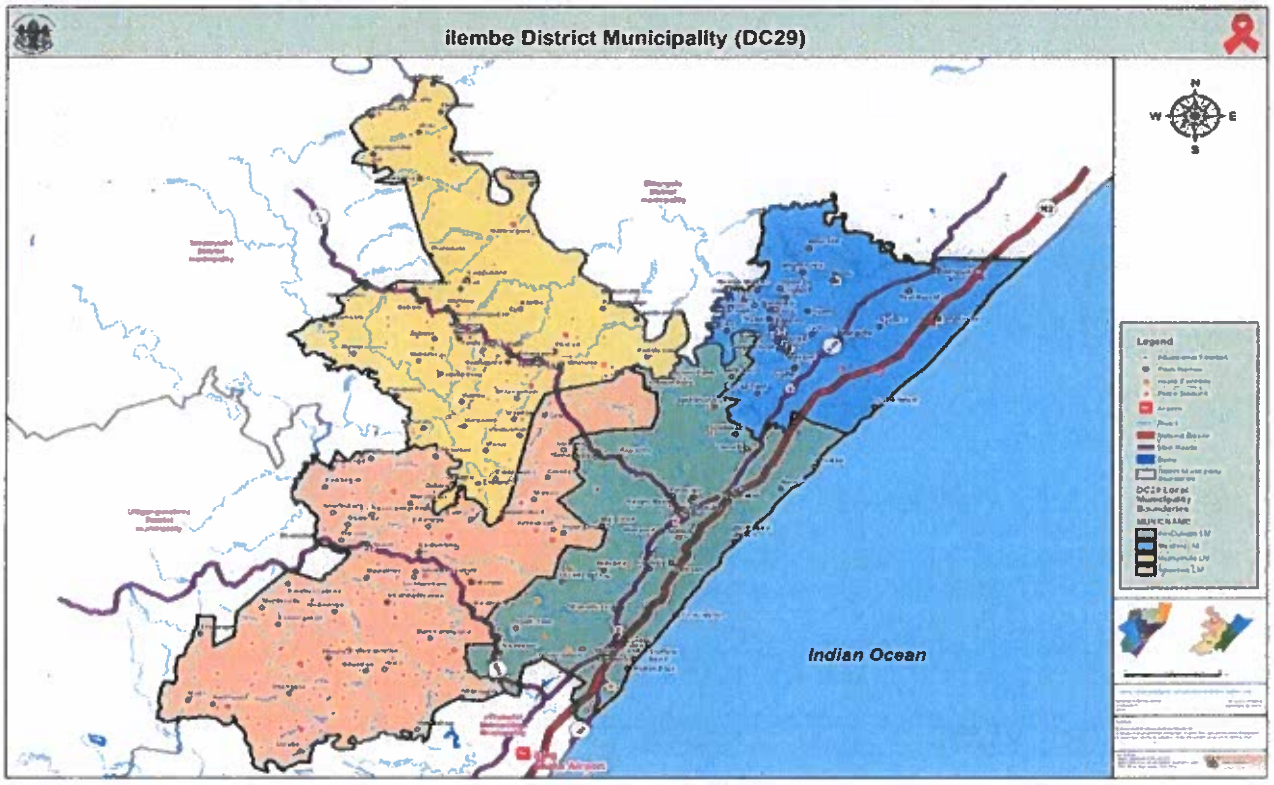
KZN PGDP GOAL	ILEMBE DISTRICT GOAL
Inclusive Economic Growth	A diverse and growing economy
Human resource development	Promote social well-being
Human and community development	
Strategic infrastructure	Provide equitable access
Spatial equity	A liveable region
Environmental sustainability	Living in harmony with nature
Governance and policy	Effective Governance, Policy and Social Partnerships

TABLE 5: DGDP OBJECTIVES

As evident from the table above, essentially the aim of the DGDP is to ensure synchronization between the District goals and objectives and Provincial goals and objectives. The District goals are an informant to the strategic interventions/projects proposed in the DGDP. These interventions are key to the municipality's ability to achieve its vision.

In the process of compiling the DGDP, the iLembe family hosted the District Growth and Development Summit. This was a multi-sectorial engagement to devise strategies and projects that would encourage economic growth in iLembe. The resolutions of the summit have been incorporated into the strategic objectives of the DGDP.

Due to the long term nature of this plan (2030 vision aligned to PGDS) it was essential that the interventions were expressed with short, medium, and long term horizons i.e. short term 2016-2020, Medium term 2021-2025, and Long term 2026-2030. A comprehensive copy of the DGDP is contained in the municipality website.



MAP 1: OVERVIEW OF THE ILEMBE REGION

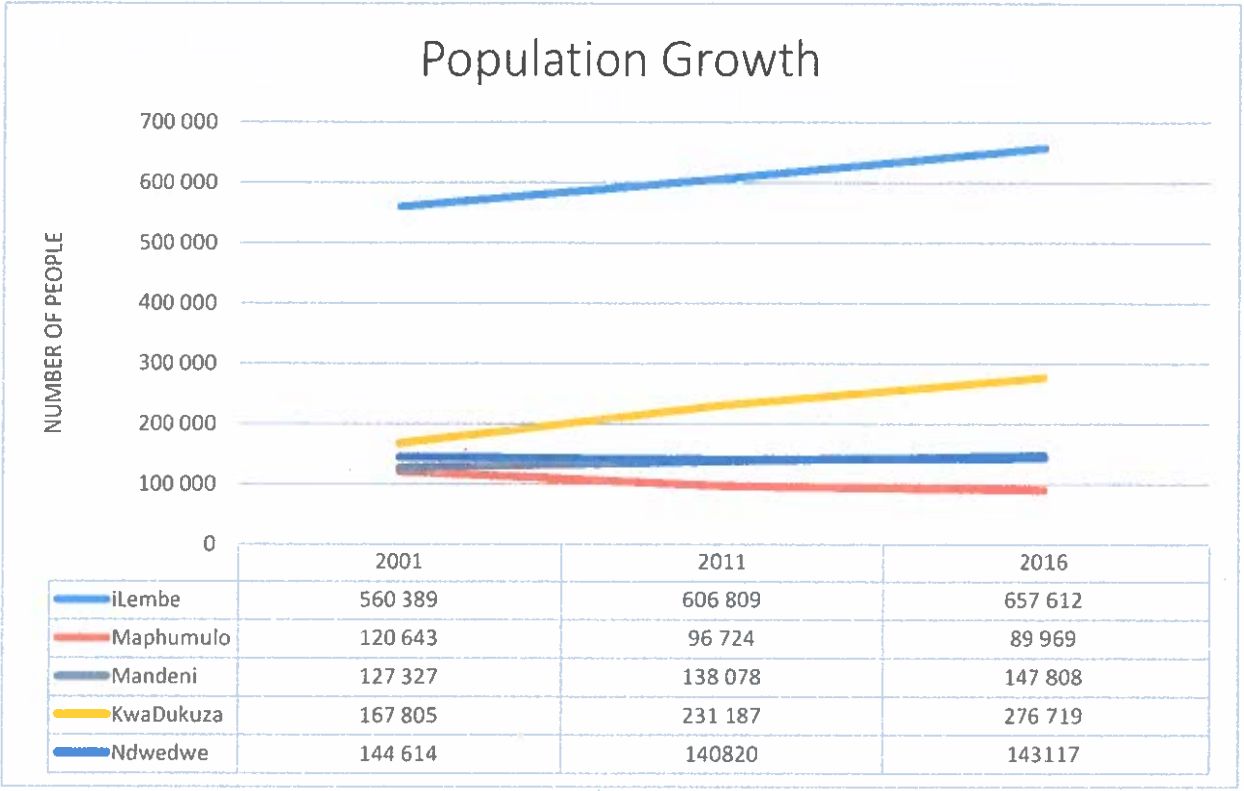
(e) DEMOGRAPHIC CHARACTERISTICS

The Statistics SA Census data for 2001 and 2011 and the results of the 2016 Community Survey have been used for the demographic and the economic information in this section.

(i) POPULATION AND HOUSEHOLD PROFILES

The recent Community Survey (2016) results show that the population in iLembe District has grown to 657,612 people and has been growing at 1.7% per annum from

2011 to 2016, this is shown in the graph and tables below. In contrast to the previous comparison of 2001 and 2011 results, where both rural municipalities of the district (Maphumulo and Ndwedwe) were seen to have a decrease in population, Ndwedwe is now experiencing an increase but Maphumulo remains on a downward trajectory as portrayed below. Table 3 further depicts how the rate of population growth has increased per annum in three of the four local municipalities of iLembe, the overall growth rate having increased from 0.8% per annum to 1.7% per annum.



	2001	2011	2016
iLembe	560 389	606 809	657 612
Maphumulo	120 643	96 724	89 969
Mandeni	127 327	138 078	147 808
KwaDukuza	167 805	231 187	276 719
Ndwedwe	144 614	140820	143117

GRAPH 1: POPULATION GROWTH 2001 TO 2016

STATISTICS SA CENSUS 2001, 2011 & COMMUNITY SURVEY 2016

Municipality	Population Growth (% p.a. 2001-2011)	Population growth (% p.a. 2011-2016)
iLembe District	0.80	1.7%
Maphumulo	-2.21	-7%
Mandeni	0.81	1.4%
KwaDukuza	3.20	3.9%
Ndwedwe	-0.27	0.3%

TABLE 6: POPULATION GROWTH COMPARISON

STATISTICS SA CENSUS, 2011 & COMMUNITY SURVEY 2016

According to the Community Survey 2016, the number of households within iLembe District has risen to 191,369 from 157,692 in 2011 and is now growing at 4.3% per annum. Households in KwaDukuza have grown at a fairly rapid rate of 6.0% per annum; despite a further decline in the population, the number of households in Maphumulo has risen slightly. One could speculate that the decline in population but with an apparent increase in number of households may be due to further decrease in the average size of households. As per the Community Survey 2016, the average household size in the District has decreased from 3.8 to 3.4 and the percentage of female headed households has risen from 45.8% to 47.1% which is above the national average of 41%.

Municipality	Number (2016)	Household Growth (% p.a.) (2016)	Average Size (2016)	Female Headed % (2016)	Child Headed (2011)	
					Number	%
iLembe	191,369	4.3%	3.4	47.1	614	0.4%
Maphumulo	20,524	0.6%	4.4	61.6	115	0.6%
Mandeni	45,678	3.9%	3.2	51.1	167	0.4%
KwaDukuza	91,284	6.0%	3.0	39.1	113	0.2%
Ndwedwe	33,883	3.2%	4.2	54.6	218	0.7%

STATISTICS TABLE 7: HOUSEHOLD
STATISTICS SA CENSUS, 2011 & COMMUNITY SURVEY, 2016

STATISTICS SA CENSUS, 2011 & COMMUNITY SURVEY, 2016

It is noted that the above population and household statistics fluctuations are implications of the socio-economic conditions prevalent in the different localities of iLembe. Further analyses the status quo of the economies of the different local municipalities, levels of poverty, employment/unemployment and also gives a view on what has been done to stimulate growth, especially in the field of LED.

(ii) AGE PROFILES

The graph below provides an indication of the age distribution within the district as recorded in 2011, compared with the results of the 2016 Community Survey. Within iLembe, 35,5% of the population is under the age of 15, KwaDukuza has the lowest percentage 29% and Maphumulo has the highest percentage of the population under 15 years at 40%. Throughout the district, it seems that all age groups under 65 years have decreased in percentage whilst the percentage of the

age group of 65+ has risen. Compared to the other Local Municipalities of the district, KwaDukuza has the highest percentage of the working age group at 66, 7% whilst Maphumulo has the lowest at 52,9%. The majority of people within the District are of working age, however the available employment opportunities are not adequate to absorb this high number- this will be further elaborated upon in the employment profile.



	iLembe	KwaDukuza	Mandeni	Maphumulo	Ndwedwe
2011 - <15	35,5	29	33,5	40,6	37,1
2016 - <15	33,8	28	32	39	36
2011 - 15 to 64	59,8	66,7	62,6	52,9	56,9
2016 - 15 to 64	58	65	61	51	55
2011 - 65 <	5,2	4,3	3,9	6,5	6
2016 - 65 <	8,8	7	7	11	10

GRAPH 2: AGE PROFILE
STATISTICS SA CENSUS, 2011 AND COMMUNITY SURVEY 2016

(iii) GENDER PROFILES

The gender profile of the iLembe District population is typical of the trend prevalent throughout other district municipalities in KZN meaning that there is a greater number of females (341,926) residing in the area compared to males (315,686). Although the population has increased, according to the Community Survey of 2016, the gender ratio remains the same as previously highlighted in the 2011 Census.

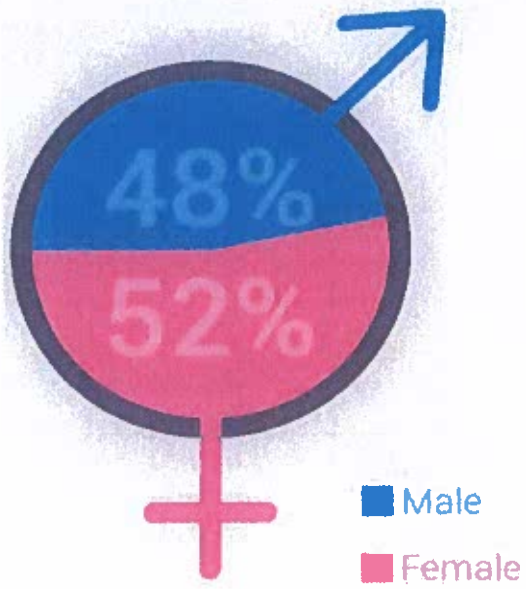
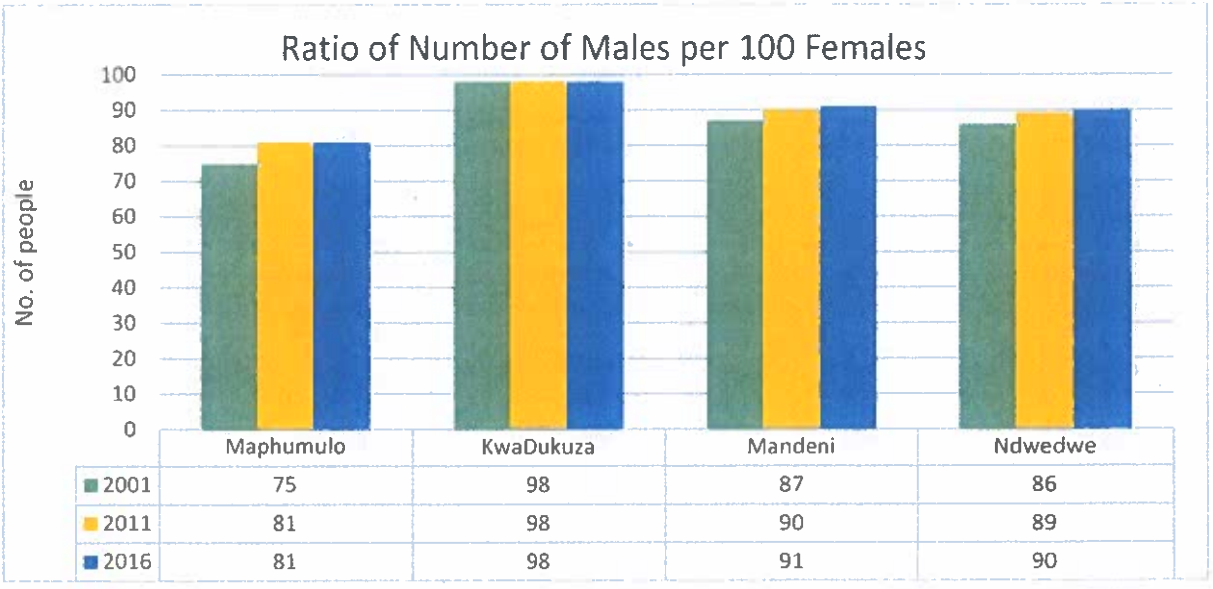


FIGURE 3: DISTRICT GENDER PROFILE

STATISTICS SA CENSUS, 2011 AND COMMUNITY SURVEY, 2016

(iv) SEX RATIO (MALES PER 100 FEMALES)

The graph below displays the gender distribution within local municipalities. In iLembe, for every 100 females there are 92 males. KwaDukuza is the most even at almost an equal split between gender groups, whereas Maphumulo is the most uneven with only 81 males for every 100 females.



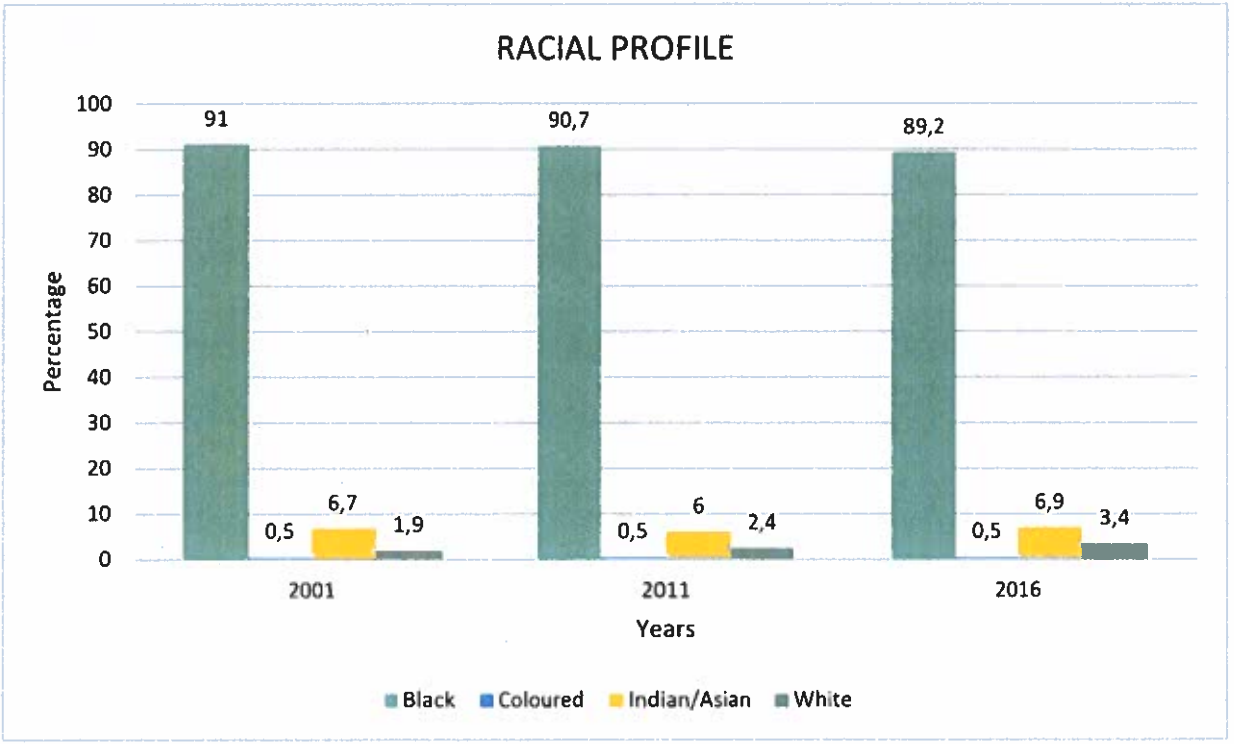
	Maphumulo	KwaDukuza	Mandeni	Ndwedwe
2001	75	98	87	86
2011	81	98	90	89
2016	81	98	91	90

GRAPH 3: ILEMBE GENDER PROFILE

STATISTICS SA CENSUS, 2001, 2011 & 2016

(v) RACIAL PROFILE

The graph below displays the split of the population of the district by population group from 2001 to 2016. Within the District, the percentage of Black people has shown a slight decrease as the graph depicts that in 2001 the percentage was 91% and at present it is 89, 2% whilst the percentage of White people is steadily increasing from 1, 9 % in 2001 to 3.4% in 2016. Between 2001 and 2011 the Asian population declined slightly, however between 2011 and 2016, the percentage has shown an increase from 6 to 6.9%. The Coloured population remains constant at 0.5% of the population of iLembe District.



GRAPH 4: RACIAL PROFILE
STATISTICS SA CENSUS, 2001 & 2011 AND COMMUNITY SURVEY 2016

GRAPH 4: RACIAL PROFILE
STATISTICS SA CENSUS, 2001 & 2011 AND COMMUNITY SURVEY 2016

In considering the graph above, it is apparent that iLembe is dominated by different races of people who subscribe to different customs and beliefs. iLembe as an institution supports cultural events that take place within the District as part of promoting nation building and social cohesion, programmes.

1.4. DISTRICT FUNTIONS AND POWERS

The following are the Powers and Function that section 156 of the Constitution (1996) of the Republic of South Africa accords to the ILembe District Municipality:

DISTRICT POWERS & FUNCTIONS (CHAPTER 7, SECTION 156 OF CONSTITUTION)
1. IDP
2. Bulk Water
3. Bulk Sewerage Purification
4. Health Services
5. Tourism
6. Public Works relating to the above
7. Grants-receiving & distributing
8. Impose, Collect taxes &levies
9. Disaster Management
10. Accountability
11. Community participation
12. Financially & Environmentally sustainable service delivery
13. Equitable Access to Municipal Services
14. Local Development
15. Gender Equity
16. Safe and Healthy Environment
17. Performance Management Systems
18. Incremental Improvement
19. Responsible Financial Management

The 2018/2019 Annual Report is therefore aimed at presenting to Council, the community and other agencies the performance of the municipality in the above- mentioned powers and functions.

CHAPTER 2: GOVERNANCE

2.1. POLITICAL AND ADMINISTRATIVE GOVERNANCE

iLembe District Municipality's council operates under the collective executive system. In terms of section 42 of the Local Government: Municipal Structures Act, 1998 the Council has established an Executive Committee consisting of six (6) Councillors. The Council has also established the following Portfolio Committees to assist the Executive Committee:-

- Economic Development, Planning Health And Safety Portfolio Committee
- Infrastructure and Technical Portfolio Committee
- Finance Portfolio Committee; and
- Local Public Administration and Labour Relations Portfolio Committee.

Each of these committees is established in terms of the Section 80 of the Municipal Structures Act to assist the Executive Committee (EXCO). These committees deliberate on matters that fall within the specific terms of references of that particular committee and make recommendations to the Executive committee for approval or where necessary for endorsement by the executive committee for final approval by the full council.

There are delegations in place for the operations of the EXCO with the exception of the power's provided to council in terms of Section 160(2) of the constitution of the republic of South Africa, 1996. The District EXCO can only make recommendation for approval of such matters.

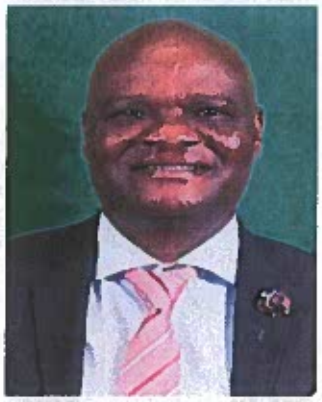
To assist in performing the oversight role, iLembe District Municipality has also appointed the following committees:

i. Audit Committee in accordance with the Municipal Finance Management Act 56, of 2003 section 166, and operates within the terms of the Audit Committee Charter, which outlines its modus operandi. The Audit Committee charter is approved by the Council of ILembe District Municipality.

ii. A Municipal Public Accounts Committee. The Committee consists of six (6) Councillors of the Municipality, who are not members of the Executive Committee. The Chairperson of the Committee is appointed by the Council. The functions of the Committee include the examination of the annual report of the Council and the

development of the annual oversight report based on the annual report. The annual oversight report is published separately from the annual report.

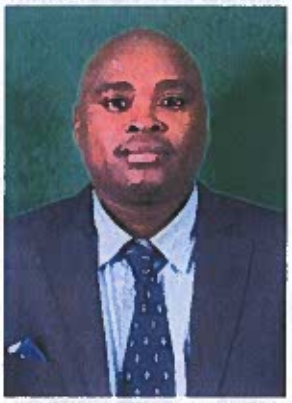
2.1.1 POLITICAL GOVERNANCE



His Worship The Mayor
Cllr SS Gumede



Hon Deputy Mayor
Cllr. MD Shandu



Hon. Speaker
Cllr. L. Makhathini

Name	Gender	Designation	Party Affiliation
Cllr. SS Gumede	Male	Chairperson	ANC
Cllr. Shandu	Female	Deputy Mayor	ANC
Cllr. Sandeep	Male	Member	ANC
Cllr. Maphumulo	Male	Member	ANC
Cllr Gopaul	Male	Member	DA
Cllr. Baardman	Male	Member	IFP
Cllr LR Makhathini	Male	Ex officio	ANC

2.1.1.1 COUNCILLORS

iLembe District Municipality comprised of a total of thirty two (32) Councillors of which nineteen (19) were Ward nominated Councillors and the other thirteen (13) are Proportionally Representative (PR) Councillors. Council continues to operate on an Executive Committee System. In respect of the PR Councillors, there were eight (8) males and five (5) female Councillors. The gender composition on the Ward Councillors is seven (7) females and twelve (12) males. Overall there are thirteen (13) female Councillors and nineteen (19) male Councillors.

Political Parties are represented as follows in the iLembe District Municipality Council: -

PARTY	PR SEATS	NOMINATED COUNCILLORS	TOTAL
African National Congress	9	13	22
Inkatha Freedom Party	2	4	6
Democratic Alliance	1	2	3
National Freedom Party	0	0	0
Economic Freedom Party	1	0	1
TOTAL			32

2.1.1.2 ILEMBE DISTRICT MUNICIPALITY COUNCILLORS

(a) PROPOTIONAL REPRESENTATION LISTS

(i) AFRICAN NATIONAL CONGRESS

NO.	SURNAME	NAMES	GENDER
1	Gumede	Siduduzo Siegsried	M
2	Shandu	Monitha Dolly	F
3	Makhathini	Lucky Regionald	M
4	Mhlongo	Maureen Zola	F
5	Ntuli	Sibongile Florence	F
6	Khumalo	Catherine Tholakele	F
7	Mpofu	Makhosini Desmond	M
8	Maphumulo	Musawenkosi Aubrey	M
9	Oudhram	Sandeep	M

(ii) INKATHA FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1.	Nene	Ntombenhle Cythia	F
2	Ntuli	Musawenkosi Simeon	M

(iii) DEMOCRATIC ALLIANCE

NO.	SURNAME	NAMES	GENDER
1	Gopaul	Andrew	M

(iv) ECONOMIC FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1	Vilakazi	Innocent Ndumiso	M

2.1.1.2 NOMINATED COUNCILLORS: KWADUKUZA MUNICIPALITY

(a) AFRICAN NATIONAL CONGRESS

NO.	SURNAME	NAMES	GENDER
1	Ngidi	Muzi Emmanuel	M
2	Dube	Innocent Phumelele	F
3.	Singh	Radwaath	M
4.	Ngidi	Thandeka Sinenhlanhla	F
5.	Van Whye	James Gabangani	M

(b) INKATHA FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1	Baardman	Aubrey Mtolo	M

(c) DEMOCRATIC ALLIANCE

NO.	SURNAME	NAMES	GENDER
1.	Singh	Madhum S	M
2.	Hubner (Passed away on the 31 March 2019)	Malcolm William	M

2.1.1.3 NOMINATED COUNCILLORS: NDWEDWE MUNICIPALITY

(a) AFRICAN NATIONAL CONGRESS

NO.	SURNAME	NAMES	GENDER
1.	Goba	Philemon Sboniso	M
2.	Shezi	Mamazane Veronica	F
3.	Zondi	Silindile	F

(b) INKATHA FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1.	Jali	TS	M

2.1.1.5 NOMINATED COUNCILLORS: MAPHUMULO MUNICIPALITY

(a) AFRICAN NATIONAL CONGRESS

NO.	SURNAME	NAMES	GENDER
1.	Ngcobo	Happiness Nonhlanhla	F
2.	Ncalane	Caroline Zama	F

(b) INKATHA FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1.	Nyathikazi	Siboniso Zaba	M

2.1.1.6 NOMINATED COUNCILLORS: MANDENI MUNICIPALITY

(a) AFRICAN NATIONAL CONGRESS

NO.	SURNAME	NAMES	GENDER
1.	Gwala	Andile Mazwi	M
2.	Mhlongo	Malindi Virginia	F
3.	Zungu	Gloria Nompumelelo	F

(b) INKATHA FREEDOM PARTY

NO.	SURNAME	NAMES	GENDER
1.	Sithole	David Mthokozisi	M

2.1.1.7 OVERSIGHT COMMITTEES AND NUMBER OF MEMBERS

COMMITEEE	NUMBER OF COUNCILLORS	NUMBER OF VACANCIES
Executive committee	07	Nil
Finance Portfolio Committee	07	Nil
Economic Development and Planning Portfolio Committee	07	Nil
Local Public Administration and Labour Relations Committee	07	Nil
Infrastructure & Technical Portfolio Committee	07	Nil
Youth Sub Committee	05	Nil
Gender Sub Committee	06	Nil
MPAC	06	Nil
Local Labour Forum	05	Nil
Rules Committee	06	Nil

2.1.1.8 EXECUTIVE COMMITTEE

No.	Surname and name	Gender	Designation	Party Affiliation
1.	Cllr. SS Gumede	Male	Chairman	ANC
2.	Cllr. Shandu	Female	Deputy Mayor	ANC
3.	Cllr. Oudhram	Male	Member	ANC
4.	Cllr. Maphumulo	Male	Member	ANC
5.	Cllr Gopaul	Male	Member	DA
6.	Cllr. Baardman	Male	Member	IFP
7.	Cllr LR Makhathini	Male	Ex officio	ANC

2.1.1.9 COMMITTEE ALLOCATIONS

No.	Committee	Councillors
1	**Finance Portfolio Committee**	
	Cllr S. Oudhram	Chairperson
	Cllr PS Goba	
	Cllr HN Ngcobo	
	Cllr TC Kumalo	
	Cllr ML Ngidi	
	Cllr MW Hubner (Passed away on the 31 March 2019)	
	INKOSI MW Qwabe	
2.	**Economic Development, Planning Health And Safety Portfolio Committee**	
	Cllr MD Shandu	Chairperson
	Cllr ME Ngidi	
	Cllr MV Shezi	
	Cllr GN Zungu	
	Cllr MS Singh	
	Cllr MS Ntuli	
	INKOSI Gumede	
3.	**Local Public Administration and Labour Relations Committee**	
	Cllr MA Maphumulo	Chairperson
	Cllr R Singh	
	Cllr ZM Mhlongo	
	Cllr SF Ntuli	
	Cllr TS Jali	
	Cllr MS Singh	
	INKOSI S Khumalo	

4.	Infrastructure & Technical Portfolio Committee	
	Cllr SS Gumede	Chairperson
	Cllr MV Mhlongo	
	Cllr S Zondi	
	Cllr JG Van Whye	
	Cllr D Sithole	
	Cllr MS Singh	
	INKOSI NA Bhengu	

2.1.1.10 SUB COMMITEES

No	Sub Committee	Councillors
1.	**2.1.1.10.1 YOUTH SUB COMMITTEE**	
	Cllr ME Ngidi	Chairperson
	Cllr MV Shezi	
	Cllr SF Ntuli	
	Cllr AM Gwala	
	Cllr TS Jali	
2.	**2.1.1.10.2 GENDER SUB COMMITTEE**	
	Cllr GN Zungu	Chairperson
	Cllr CZ Ncalane	
	Cllr S Zondi	
	Cllr JG Van Whye	
	Cllr NC Nene	
	Cllr MW Hubner (Passed away on the 31 March 2019)	
3.	**2.1.1.10.3 MUNIPAL PUBLIC ACCOUNTS**	
	Cllr JG Van Whye	Chairperson
	Cllr AM Gwala	
	Cllr DM Mpofu	
	Cllr HN Ngcobo	
	Cllr SZ Nyatikazi	
	Cllr MW Hubner (Passed away on the 31 March 2019)	
4.	**2.1.1.10.4 LOCAL LABOUR FORUM**	
	Cllr MA Maphumulo	Chairperson
	Cllr R Singh	
	Cllr MD Mpofu	
	Cllr NC Nene	

	Cllr MS Singh	
5.	**2.1.1.10.5 RULES COMMITTEE**	
	Cllr HN Ngcobo	Chairperson
	Cllr TS Ngidi	
	Cllr PS Goba	
	Cllr IP Dube	
	Cllr MS Ntuli	
	Cllr MW Hubner (Passed away on the 31 March 2019)	

2.1.1.11 THE PURPOSE AND FUNCTIONS OF COMMITTEES

The following information reflects the different committees of Council and their respective purpose and functions:

(a) Delegations to the Executive Committee

- Performs the functions of an Executive Committee set out in the Local Government : Municipal Structures Act, 1998;
- Takes such action as may be necessary to ensure compliance by the Council with all legislation relating to or affecting local government, including, but not limited to:-
- The Local Government : Municipal Demarcation Act, 1998
 - The Local Government : Municipal Systems Act, 2000
 - The Promotion of Access to Information Act, 2000
 - The Municipal Finance Management Act, 2003
- Exercises all Powers of the Council which may be delegated by the Council in terms of the Constitution or any other law and which has not been delegated or assigned to any Municipal Functionary or municipal employee or is not deemed to be so delegated or assigned in terms of any law;
- Considers and determines any particular matter or issue or any matter of policy referred to the Committee by the Municipal Manager;
- Takes any necessary or incidental decisions for the management or administration of any resolution of the Council.

(b) Delegations to the Rules Committee

- Developing Rules of Order and amendments thereto for recommendation to EXCO.
- Summoning any Councillor or official to appear before the committee to assist it in the performance of its functions

- Conducting disciplinary enquiries into Councillor transgressions referred to the Committee by the Speaker or MM, and making recommendations in respect thereof
- Investigating and making findings on any alleged breach of the Code of Conduct for Councillors, and making suitable recommendations including suitable sanctions in terms of Item 14.2 of such Code
- Making written representations to the MEC for Local Government pertaining to an appeal to the MEC by a councillor who has been warned, reprimanded or fined in terms of item 14 (2) (a), (b) or (c) of the Code of Conduct for Councillors

(c) Delegations to the Finance Portfolio Committee

- Ensuring compliance with the provisions of MFMA
- Investigating processes and procedures for the implementation of services relating to matters referred to in number 5
- Making recommendations, in line with the IDP, regarding strategic, administrative, technical, financial and procedural issues relating to matters referred to in number 5
- Ensuring stakeholder participation in matters referred to in number 5
- Formulating Policy for recommendation to Council and monitoring implementation in regard to the following matters:-
 - ✓ Audit;
 - ✓ Budget Monitoring;
 - ✓ Credit Control Monitoring;
 - ✓ Expenditure Monitoring;
 - ✓ Imposition and collection of taxes, levies and duties related to the functions of the Municipality;
 - ✓ Income Monitoring;
 - ✓ Indigent Support Programme Monitoring;
 - ✓ Receipt, allocation and, if applicable, the distribution of grants made to the District Municipality;
 - ✓ Supply Chain Management Policy oversight;
 - ✓ Financial Regulations;
 - ✓ Borrowing;
 - ✓ Fixed assets; and
 - ✓ Cash and Investment
 - ✓ Reviewing of CFO's Monthly Financial Reports

(d) Delegation to the Infrastructure and Technical Portfolio Committee

- Investigating processes and procedures for the implementation of services relating to matters referred to in L 4.

- Making recommendations, in line with the IDP, regarding strategic, administrative, technical, financial and procedural issues relating to matters referred to in number 4
- Ensuring stakeholder participation in matters referred to in number 4
- Formulating Policy for recommendation to Council and monitoring implementation in regard to the following matters:-
 - Domestic waste-water and sewage disposal systems;
 - Municipal Fleet Management;
 - Potable water supply systems;
 - Solid Waste Disposal Sites serving more than one local municipality in the District;
- Although the issue of the Solid Waste Disposal Site is a statutory function of the District Municipality, the function has not yet been performed by the Municipality.

(e) Delegation to the Economic Development, Planning, Health And Safety Portfolio Committee

- Investigating processes and procedures for the implementation of services relating to matters referred to in M 4.
- Promotion of local tourism for the area of the District; and
- Promotion of social and economic development, including:
 - Agriculture;
 - Industrial Development
 - Job creation;
 - Social Empowerment;
 - Town Planning;
 - Cultural Upliftment; and
 - Poverty Alleviation.
- Making recommendations, in line with the IDP, regarding strategic, administrative, technical, financial and procedural issues relating to matters referred to in number 4
- Ensuring stakeholder participation in matters referred to in number 4
- Formulating Policy for recommendation to Council and monitoring implementation in regard to the following matters:-
 - ✓ Abattoirs serving a major proportion of the municipalities in the District;
 - ✓ Fresh produce markets serving a major proportion of the municipalities in the District;
 - ✓ Integrated Development Planning for the District;
 - ✓ Municipal airports serving the area of the District as a whole;
 - ✓ Promotion of a safe and healthy environment, including:-

- Conservation;
- Environmental Planning;

(f) Delegation to the Local Public Administration and Labour Relations Portfolio Committee

- Investigating processes and procedures for the implementation of services relating to matters referred to in number 4
- Making recommendations, in line with the IDP, regarding strategic, administrative, technical, financial and procedural issues relating to matters referred to in number 4
- Ensuring stakeholder participation in matters referred to in number 4
- Formulating Policy for recommendation to Council and monitoring implementation in regard to the following matters:-
 - Human Resource Development;
 - Labour Relations; and
 - Local Public Administration.

2.1.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

According to the MFMA 60(b): The Municipal Manager of iLembe District Municipality is the accounting officer of the municipality for the purposes of this Act and provides guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality, namely Enterprise iLembe.

The iLembe District Municipality has a well-established organizational structures and systems in place. The structure that was in place as at 30 June 2017 was appropriate for the developmental local government mandate assigned to the District Municipality in terms of the Municipal Structures Act, 1998. The Municipality's organisational structure provides for four Directorates that are managed by the Municipal Manager. The District Municipality has four Directorates with senior management per directorate, which are:

Name and Surname	Position
Mr N. G. Khumalo	Municipal Manager
Mr M Chandulal	Chief Finance Officer Department of Finance
Mr T. Makhoba	Senior Manager: Department of Corporate Services
Mr S. Ngubane	Acting Senior Manager: Department of Community Services
Mr. B. Shezi	Senior Manager: Department of Technical Services

2.2 INTERGOVERNMENTAL RELATIONS STRUCTURES

There are various Provincial Intergovernmental fora in which the District Mayor sits and represents the District family of Municipalities. There is a Premier's Coordinating Forum which constitutes of MECs, the Mayors, Heads of Departments as well as the Municipal Managers that is chaired by the Provincial Premier. This Forum meets on a quarterly basis and has a sub-structure chaired by the MEC COGTA called the MUNIMEC which is constituted by the all the KZN Mayors Municipal Managers, Heads of Departments as well as the SALGA representative. This sub-structure meets quarterly prior the meeting of the Premiers Coordinating Forum.

There is also a Provincial SALGA structure for all IGR Practitioners and Managers, this structure focuses on strengthening relations as well as the coordination IGR functions within Municipalities. ILembe District Municipality has been engaging with the EThekwini Metro regarding the establishment of the Liberation Heritage Route for EThekwini Metro and ILembe district Family of Municipalities. These Municipalities have had one successful meeting with clear resolutions that are at implementation planning stage as well as draft Terms of Reference.

At the District level, the District Intergovernmental Forum plays a monitoring and oversight role over the family of municipalities. The forum constituted by the Mayors of the District family, the Municipal Managers and chairpersons of technical sub-fora; meets quarterly to discuss issues of mutual interests, explore possible areas of joint ventures as well as monitor progress on compliance issues such as Auditor General related queries, compliance with all finance related legislations and financial management including revenue generation, quality of services delivered to the communities, Municipal Capacitation and so forth.

All Municipalities are represented to ensure that all resolutions taken are implemented respectively. Furthermore the District plays a coordinating role at the request of the Local Municipalities to source assistance and interventions to mitigate challenges experienced by Local Municipalities.

Municipal functioning, challenges and best practices are discussed at technical sub-fora and escalated to the Technical Support Forum which is made up of Municipal Managers and the Chairpersons of technical sub-fora. Once the Technical Support Forum has discussed the reports from the sub-fora a consolidated report with recommendations and/or resolutions is then escalated to the District Intergovernmental Forum for further consideration.

DISTRICT INTERGOVERNMENTAL STRUCTURES

There are fifteen (15) IGR structures in the District as illustrated in the table below. These structures are made up of relevant stakeholders from all three spheres of government, government agencies, private entities and Amakhosi.

NO.	NAME OF THE FORUM	MEETING FREQUENCY	CHAIRPERSON	FUNCTIONAL
1	DIF: DISTRICT INTERGOVERNMENTAL FORUM (MAYORS')	Quarterly	District Mayor	Functional
2	TSF: TECHNICAL SUPPORT FORUM (MMS')	Monthly	Municipal Manager of ILembe District Municipality	Functional
3	DAFF: DISTRICT AREA FINANCIAL FORUM (CFOs)	Quarterly	Municipal Manager of Ndwedwe local Municipality	Functional
4	DISTRICT GOVERNMENT IT OFFICERS COMMITTEE (DGITOC)	Quarterly	Municipal Manager of ILembe District Municipality	Functional
5	DISASTER MANAGEMENT ADVISORY FORUM (DMAF)	Quarterly	Municipal Manager of KwaDukuza Local Municipality	Functional
6	PERFORMANCE MANAGEMENT SYSTEM FORUM (PMSF)	Quarterly	Municipal Manager of iLembe District Municipality	Functional
7	LOCAL ECONOMIC DEVELOPMENT FORUM (LEDF)	Bi-Monthly	Municipal Manager of Mandeni Local Municipality	Functional
8	DISTRICT COMMUNICATORS FORUM (DCF)	Monthly	Municipal Manager of Ndwedwe Local Municipality	Functional
9	PLANNING AND DEVELOPMENT FORUM (PDF)	Monthly	Municipal Manager of Mandeni Local Municipality	Functional
10	INFRASTRUCTURE FORUM (IF)	Bi-Monthly	Municipal Manager of KwaDukuza Local Municipality	Functional
11	CORPORATE SERVICES FORUM	Quarterly	Municipal Manager of Maphumulo Local Municipality	Functional
12	SPEAKERS' FORUM	Quarterly	District Speaker	Functional

13	INTERNAL AUUDITORS FORUM	Quarterly	Municipal Manager of Maphumulo Local Municipality	Moderately Functional
14	ENTERPRISE RISK MANAGEMENT FORUM	Quarterly	Municipal Manager of iLembe District Municipality	Functional
15	DISTRICT AIDS COUNCIL	Quarterly	District Mayor	Functional

2.3 CORPORATE GOVERNANCE

2.3.1 ENTERPRISE RISK MANAGEMENT (ERM)

(A) Introduction

Enterprise Risk Management (ERM) forms a critical part of iLembe District Municipality strategic management. It is the process whereby the iLembe District Municipality both methodically and intuitively addresses the risks attached to the strategic objectives and activities of the Municipality. The goal is to ensure the achievement of strategic objectives as well as the sustained benefit within each activity and across the portfolio of activities. ERM is therefore recognised as an integral part of sound organisational management and is being promoted internationally and in South Africa as good practice applicable to the public and private sectors.

(B) Objectives of Enterprise Risk Management

The purpose of Enterprise Risk Management at iLembe District Municipality is to, among others provide the following:

- Advance the development and implementation of modern management practices and to support innovation through the iLembe District Municipality.
- Contribute in building a risk smart workforce and environment that allows for innovation and responsible risk taking while ensuring legitimate precautions are taken to protect the public interest, maintain public trust, and ensure due diligence.
- Provide a comprehensive approach to better integrate risk management into strategic decision making.
- To provide guidance to Accounting Officer, Executives Authorities, Management and staff when overseeing or implementing the development of processes, systems and techniques for managing risk, which are appropriate to the content of the district.

(C) Risk Governance

(i) Risk Management Committee

The District Municipality has a Risk Management Committee (RMC) which is made up of senior management and the independent Chairperson. The RMC operates within a risk charter approved by the Executive Committee.

The Risk Management Committee is responsible for independent oversight and appropriate advice on the risk management process, mitigation of key risk exposure and the emerging risks that may have an impact on the District Municipality. The Committee's role is to guide the development and implementation of Risk Management programme as well as to review and monitor Enterprise Risk management (ERM) process and outputs regularly.

(ii) Reporting and Communication

- Five (5) RMC meetings were held in the year 2018/19;
- The Risk Management Committee Chairperson reports to EXCO bi-annually on the progress in the implementation of Risk Management in the municipality;
- Four (4) quarterly reports were submitted to Audit Committee. Top strategic risks including strategic fraud risks were reported quarterly to EXCO. Meanwhile the top strategic, operational, ICT and fraud risks were reported to appropriate Portfolio Committees;
- EXCO approved the Risk Management Implementation Plan for 2018/19. This plan was implemented and monitored on a quarterly basis; and
- 95% of the activities on Risk Management Implementation plan were achieved.

(D) Key Performance Highlights for 2018/19

- Council approval of the following documents:
 - Risk Management Strategy, Policy and Framework,
 - Anti-Fraud and Corruption Strategy & Policy; and
 - Loss Prevention and Management Policy.
- Risk Management awareness workshops with Councillors, Management, Risk Champions, Accountants and Officers
- Declarations of interest signed by Councillors, Senior Managers and Middle Managers and all SCM Officials;
- Compiled a risk register with 88 risks (Strategic 20 and Operational 35, ICT 6, Fraud Risks 21 and MOSCOA 6) through Annual Risk Assessment workshops with management;

- MSCOA risk register was reviewed;
- Appointment of the new independent Risk Management Committee Chairperson;
- Compliance monitoring and reporting in terms of the Laws and Regulation applicable to local government;
- Insurance Claims monitoring and reporting;
- Loss control reports;
- Functional District Enterprise Risk Management Forum.
- Business Continuity desk check test was done.
- 95% of the activities on Risk Management Implementation plan were achieved.
- Overall achievement of implementation of action plans for 2018/19 was 71%.
- Monitoring operational plans to enhance revenue within the district;
- Monitoring of plans to mitigate the risk of inadequate water sources;
- Reported progress on implementation of action plans to Risk Management Committee, Portfolio Committees, EXCO and Audit Committee;

(E) Risk Maturity

In terms of the National Treasury risk maturity level that consists of 6 levels, iLembe District Municipality has achieved level 4 – **INFORMATION** which means;

Risk management is firmly embedded in the institution. Metrics to measure the value-added of risk management are in place. Aggregated risk management information is circulated to relevant officials and oversight structures as a matter of routine. Metrics are in place to measure and monitor the value of add of risk management. Risks provide intelligence with regard to decision making.

(F) The Top 5 Risks Facing the Municipality in 2018/19

(i) Strategic Risks:

- Business Support: Lack of communication with Stakeholders and communities;
- Strategy: Inappropriate Corporate Culture;
- Health and Safety Management: Inadequate Occupational Health & Safety (OHS) systems;
- Technical Services: Scarce raw water sources; and
- Service Delivery: Violent Public Protest.

(ii) Operational Risks:

- Security: Inadequate security over Municipal infrastructure, assets and staff;
- Financial Management: Misuse of Municipal Fleet due inadequate monitoring and supervision by user departments (Supervisors);

- Logistic Management: Inadequate controls over safeguarding of stock;
- Expenditure Management: Non Compliance with the 30days timeline for payment of suppliers; and
- Financial Management: Incorrect revenue recognition and completeness.

(iii) Fraud Risks:

- Theft of goods from stores;
- Theft of Municipal assets by both the municipal officials and external persons;
- Conflict of Interest: Unjustified emergency request;
- Employees claiming overtime that has not been worked or inflating overtime hours worked; and
- Loitering of municipal employees during working hours.

(iv) ICT Risks:

(i) IT: Failure to manage an effective and efficient co-ordination of IT continuity in the event of disruption.

(ii) IT: Inadequate protection of information Technology equipment.

(G) Key Areas of focus for 2018/19:

Below is the highlight of some of the key focus areas for 2019/20.

- Monitoring operational plans to enhance revenue within the district;
- Monitor implementation of the Corporate Culture programme;
- Report progress on implementation of action plans to Risk Management Committee, Portfolio Committees, EXCO and Audit Committee;
- Development of Combined assurance framework.

(H) Challenges and Mitigations to improve.

(i) Inadequate Risk awareness

While awareness campaigns takes place in the form of workshops risk management is still perceived as bureaucratic exercise hence unable to yield visible results at operations.

Mitigation:

Embedding risk management in the existing business processes to make risk management self-sustaining overtime.

(ii) Instilling Accountability and Encouraging Action:

Mitigation:

Mapping the risk to Portfolio Committees and encouraging portfolio hearings against the treatment plans.

Allocating resources to the highest priority risks.

(iii) Complex risk management approach to treatment, monitoring and reporting.

Mitigation:

External risks: Contingency planning and Business Continuity Plan.

Strategic: focus on key risk indicators and trends.

Operational: focus on internal controls and establishing procedures and alignment to internal audit through combined assurance.

(I) Outstanding Matters

- Launch of the Ethics Committee for Councillors.
- Rollout for the Corporate Culture.
- Appointment of the Hotline service provider.

2.3.2 ANTI- FRAUD & CORRUPTION

iLembe District Municipality has in place an Anti-Fraud and Corruption Strategy and Policy that was reviewed and approved by Council.

The risk of fraud and corruption is one of the Municipality's top strategic risk areas.

As part of Fraud and corruption prevention the following was done;

- Declarations of interest signed by Councillors, Senior Managers, Managers and SCM employees.
- Fraud awareness campaigns for all staff members including Councillors was done.
- Conducting Fraud Risk assessments.
- Review of the Fraud risk register was done and monitoring on a monthly basis.
- Fraud and Corruption awareness workshops being conducted for Councillors, Senior Managers and middle Managers.
- Reviewed the Policy for the acceptance/giving of gifts, donations and sponsorship, and approved by Council.
- Designing and development of fraud risk management plan.

Risk Management Committee functions as an oversight body; this includes the review of the effectiveness of prevention initiatives, detection techniques as well as progress made in any forensic investigation.

The Municipality acts swiftly to investigate allegations of fraud & corruption whenever these allegations are reported to Management, Executive, Council & Audit Committee.

2.3.3 SUPPLY CHAIN MANAGEMENT

The Municipality has a Supply Chain Management Unit that is fully functional and established within the Finance Department. All SCM processes are conducted in line with Section 217 of the Constitution of the Republic of South Africa, Chapter 11 of the MFMA (No. 56 of 2003), PPPFA (No. 5 of 2000) and the 2017 Preferential Procurement Regulations and the SCM Policy of the Municipality.

In order to ensure the segregation of duties, the SCM unit has four elements which operate independently but in a coherent manner as part of the supply chain, namely, demand, acquisition, logistics and disposal management. Furthermore, there is a contract management section which in conjunction with the relevant Project Managers, is responsible for the monitoring of all service providers and contractors' performance. This seeks to ensure the successful implementation of projects which will eventually yield to the realization of goals and targets as outlined in the Municipality's SDBIP.

(a) RANGE OF PROCUREMENT PROCESSES

All procurement activities are conducted in a manner that is fair, transparent, efficient, competitive and cost effective in line with the provisions of the Municipal Finance Management Act, (Act 56 of 2003), Supply Chain Management Policy and the 2017 Preferential Procurement Regulations pertaining to the Preferential Procurement Policy Framework Act (No. 5 of 2000).

As a prerequisite, all entities doing business with the Municipality must be registered on the National Treasury's Central Suppliers Database (CSD). Over and above other mandatory requirements for eligibility to do business with the Municipality, the entities must submit SARS pin or tax clearance certificates to enable the verification of their tax status with SARS. This verification is done in all procurement process and bidders are given seven working days to sort out their tax matters with SARS.

(b) COMPETITIVE BIDDING PROCESSES

Section 19(1) of the SCM Policy stipulates that; goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of the SCM Policy. The Municipality has established all three bid committees duly appointed by the Accounting Officer, namely, Bid Specifications, Evaluation and Adjudication Committees. All projects that are processed by these committees must be fully funded and be registered on the annual procurement plan.

The Municipality is currently exploring ways of dealing with unsuccessful bidders who lodge frivolous and vexatious objections in an attempt to stifle progress in the implementation of projects. This in turn cause unnecessary delays especially when these appellant eventually lose their appeals.

(c) IMPLEMENTATION OF THE 2017 PREFERENTIAL PROCUREMENT REGULATIONS

The 2017 Preferential Procurement Regulations pertaining to the Preferential Procurement Policy Framework Act Regulations (PPPFA), Act No.5 of 2000 were incorporated in the SCM Policy. The Regulations are used to advance designated groups through the procurement activities, by applying the following pre-qualification criteria;-

- Bidders with a specific minimum B-BBEE status level of contribution (only level 1 and 2 B-BBEE status level).
- EME or QSE (*EME = Entity with an annual turnover of up to R 10 Million and *QSE = Entity with an annual turnover above R 10 Million but not exceeding R 50 Million).
- Bidders subcontracting a portion of the project (30%) to the local emerging entities as per the predetermined list.

The following statistics reflects procurement patterns in the 2018/2019 financial year according to the various groups;-

(i) A total of R28,807,794.69 (66.32%) was spent on entities operating within the district,
(ii) A total of R37,915,993.15 (87.34%) was spent on black owned entities,
(iii) A total of R 25,716,185.27 (59.23%) was spent on local black owned entities,
(iv) A total of R 5,977,421.68 (13.76%) was spent on local entities owned by black youth,
(v) A total of R 6,027,589.13 (13.88%) was spent on local entities owned by black women,

All quotation requests are advertised with a condition that gives first preference in terms of Section 2(1)(f) of the PPPFA (Act No.5 of 2000) to locally based entities from different groups from the District that were previously disadvantaged.

All bid invitations were amended to enable only the emerging entities to bid for municipal projects and all tenders including a subcontracting condition to ensure the empowerment of the up and coming entities from the district.

LOGISTICS MANAGEMENT

The Municipality has four site offices that keep stock items, namely, KwaDukuza, Mandini, Maphumulo and Ndwedwe. The main stores/warehouse is located in KwaDukuza and operates on Munsoft financial system, the satellite stores are operating on a manual system. The inventory is maintained through the weighted average method and the following reflects the inventory balances and results of the stock count conducted at the end of the month as required by the Inventory Management Policy.

(d) Municipal By Laws

As a Water Services Authority, iLembe District developed the Water and Sanitation By-Law in November 2019.The current By-Law is still under review and is yet to be presented to Council for adoption.

(e) Municipal Website

In relation to the communications and imparting the municipal information to the public, the Communication Sub-directorate in the iLembe District Municipality manages the flow of communication from/ to the organization, media and broader communities. It is also responsible for attending to the information needs with respect to the Web site of the Municipality, checking and approving the insertion of news items, articles and photographs. Legislated information in terms of Section 75 of the MFMA is also placed in the municipal website and updated as stipulated in the MFMA. This includes the following information:-

- that have been disposed of in terms of section 14(2) or (4) during the previous quarter;
- performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act;
- all supply chain management contracts above a prescribed value;
- public-private partnership agreements referred to in section 120 of the MFMA;
- The annual and adjustments budgets and all budget-related documents and all budget-related policies;
- all service delivery agreements;
- all long-term borrowing contracts;
- an information statement containing a list of assets over a prescribed value
- contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section;
- the annual report;

- All quarterly reports tabled in the council in terms of section 52*(d)*, and other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.

(f) Public Satisfaction On Municipal Services

One of the communication objectives for iLembe District Municipality is to improve communication between the Municipality and its communities. This objective contributes towards the national outcome of creating a responsive, accountable, effective and efficient local government system. A healthy relationship between the municipality and external customers (citizens) is essential as customer satisfaction is a yardstick for municipal performance. Customer satisfaction is the output of customer service. Poor service leads to unhappy customers whilst good customer service leads to happy customers. However, because of financial constraints, iLembe District Municipality did not embark on a format citizen satisfaction survey during 2018/2019 financial year. The satisfaction levels of the community are assessed through community meetings and media engagement activities.

2.4 PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation is an integral part of local democracy and participatory local governance and that the involvement of communities and community organisations in the matters of local government is one of the objects of local government.

2.4.1 COMMUNICATION, PUBLIC PARTICIPATION AND RELATED FORUMS

The following are the public participation and communication structures and mechanism that exists within the ILembe District Municipality:

(A) SPEAKERS' FORUM

The Forum consists of:

- the Speaker of iLembe District Municipality;
- the Speakers of all Local Municipalities

The chairperson of the Forum is the iLembe District Municipality Speaker. In his absence the meeting elects a pro-term Chairperson of the same position. Official responsible for public participation also attend the Speakers Forum.

(i) **Objectives Of The Forum**

The main objective of the Forum is to promote and facilitate intergovernmental relations, cooperative government and share cultures of initiatives between the iLembe District Municipality and the Local Municipalities, including:-

- To seek unity of purpose and co-ordination of effort around the programmes championed in the office of the Speaker in the broader District;
- To serve as a main structure of the District Wide Ward Committee Forum; and
- To ensure effective and efficient coordinated Community / Public Participation within the District.

The Forum meets quarterly and additional or special meetings are called when and as the need may arise by the Chairperson or as per request by any member of the Forum through the Chairperson. The Speaker's forum is functioning and various sector departments and stakeholders are invited at these meeting to provide detailed information on programme that will impact public participation in the district.

(B) DISTRICT COMMUNICATORS' FORUM (DCF)

Government communication is a strategic and planned process that is aimed at ensuring effective dialogue between government and the communities. The constitution of the Republic of South Africa, 1996, contains a number of sections which set the tone for local government communications. These include, Sections 152(1) e; Section 160(7); Section 126(3); Municipal Systems Act, 2000; Promotion of Access to Information, 2000 and the Intergovernmental Relations Framework Act, 2005.

Communications has a role of creating messages that harmonise the political and the administrative arms of government. Communication is a strategic function that ensures the public receives information about municipal policies, programmes and services.

The District Communicator's Forum provides a platform for communicators within the district municipality to plan and identify communication opportunities across the sphere of government through substantive discussions and joint planning to fulfil the government's commitment to accelerate service delivery to ensure a better life for all.

(i) **Composition And Membership**

The membership of DCF is open to all government communicators operating within the district. This includes:

- District Communications Manager – Chairperson of the Forum

- Communicators from the local municipalities
- Communicators or representatives of the sector departments with the iLembe District Municipalities
- COGTA
- GCIS
- Office of the KZN Premier

(ii) **STRATEGIC OBJECTIVES OF THE DCF**

The objectives of the DCF are as follows:

- To foster a more positive communication environment among a family of municipalities, sector departments and relevant stakeholders within the district municipality;
- To foster integrated communication;
- To ensure a coherent and effective interaction between the District Municipality and its targeted audience;
- To ensure that citizens of the district participate in the decision making processes;
- To ensure and promote the development of coordinated, integrated and sustainable programme of communications in the district;
- To ensure maximum administrative and operational effectiveness and efficiency of all communication programmes in the district; and
- To support the political leadership across the family of municipalities in its pursuit to deliver basic services and development.

In relation to the communications and imparting the municipal information to the public, the Communication Sub-directorate in the iLembe District Municipality manages the flow of communication from/ to the organization, media and broader communities. It is also responsible for attending to the information needs with respect to the Web site of the Municipality, checking and approving the insertion of news items, articles and photographs. Legislated information in terms of Section 75 of the MFMA is also placed in the municipal website and updated as stipulated in the MFMA. This includes the following information:-

- that have been disposed of in terms of section 14(2) or (4) during the previous quarter;
- performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act;
- all supply chain management contracts above a prescribed value;

- public-private partnership agreements referred to in section 120 of the MFMA;
- The annual and adjustments budgets and all budget-related documents and all budget-related policies;
- all service delivery agreements;
- all long-term borrowing contracts;
- an information statement containing a list of assets over a prescribed value
- contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section;
- the annual report;
- All quarterly reports tabled in the council in terms of section 52*(d)*; and other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.

(C) OTHER STRUCTURES THAT ARE UTILISED TO ENHANCE / IMPROVE COMMUNICATION AND PUBLIC PARTICIPATION

(i) COMMUNITY DEVELOPMENT WORKERS (CDWs)

The iLembe District Municipality has total of 77 wards and with only 43 CDWs to service these wards. This is a challenge because a large number of wards are not benefiting from the services that are provided by the CDWs especially when it comes to household profiling and identification of urgent service delivery cases under the auspices of Operation Sukuma Sakhe as well as cascading of information to the people. Another challenge is that the CDWs are not available to provide support to the municipalities because of other commitments that they have from COGTA.

(ii) TRADITIONAL LEADERSHIP

The iLembe District Municipality has a total of 33 Amakhosi with 3 vacancies. The new District Traditional House was reinstituted in August 2017, and is currently led by Inkosi NA Bhengu who is also the member of the provincial house of traditional leadership in KwaZulu Natal. There is a healthy working relationship between the Local Traditional House and the iLembe District Municipality. Amakhosi are invited in community activities that are happening in their areas and district activities that will have impact in service delivery in their areas. These activities include IDP Public Participation meetings, conferences and seminars, to mention a few. Presentations on matters of Council are also periodically made at the seating of the iLembe District Traditional Council and tribal Councils on request. In November 2017, a meeting between amakhosi and councillors was held with an aim to strengthen relations and this proved to be very fruitful because communication has been enhanced.

The implementation of Section 81 of the Municipal Structures Act is fully implemented and Amakhosi serving in the various Councils are fully integrated in terms of portfolio committee allocation. However, there are challenges in term of attendance by amakhosi to these meetings. Ongoing engagements are held in order to address issues that affect their attendance.

(iii) WARD COMMITTEES

All the wards within the iLembe District Municipalities have elected wards committees. They have all been inducted and have been provided with training to capacitate them to be able to facilitate service delivery issues in their areas. The ward committees in the district are largely functional with the support they receive from local municipalities and the district municipality. However, there are challenges that are being experienced by the local municipalities as they engage with the ward committee:

- Some Ward Committee Members drop out because they receive better jobs elsewhere which leave a vacuum in the committees. The process of replacing them sometimes delay;
- Some members are demotivated because they feel that the remuneration that they receive from the municipalities is too little as compared to the amount of work that they are engaged with. The iLembe District Municipality provides travel costs if they are invited to districts meetings.

iLembe District Municipality is not responsible for the Ward Committees but gets to access the Ward Committees through the local municipalities. The Ward Committees form part of the IDP Representative Forum and they are engaged during the planning and facilitation meetings.

(iv) MUNICIPAL RAPID RESPONSE TEAM (MRRT)

In the recent past KZN has seen a sharp increase of service delivery protests. The communities continue to believe that their needs will be better addressed only when they take it to the streets. Addressing the triple challenges of poverty, unemployment and inequality can assist in alleviating the spate of service delivery protests. The KZN's government approach, in dealing with service delivery protests, is more proactive rather than reactive. It includes three pillars detailed as follows:

- A well informed community is less likely to protest. This includes countering deliberate misinformation of communities

- Early alert systems.
- Stakeholder engagement.

In this regard, all municipalities were requested by the KZN provincial government to establish Municipal Rapid Response Teams not exceeding seven members, of which the Speaker shall be the convener.

The responsibilities for the MRRT are as follows:

- to deal with service delivery dissatisfaction.
- to collect the Memorandum of complainants.
- to consult with the complainants to establish the facts in the contents of the Memorandum.

In May 2018 and in line with this request, iLembe District Municipality established the MRRT (MRRT), and it is formed by the following members:

- Speaker (Convener and Chairperson of IDM MMRT)
- Chairperson: Infrastructure and Technical Portfolio Committee
- Chairperson: Finance Portfolio Committee
- Chief Whip
- Municipal Manager
- Senior Manager: Technical Services
- Senior Manager: Community Services
- Chief Financial Officer
- Manager: Disaster Risk Management
- Manager: Communications
- SAPS representative

The IDM MRRT meets monthly to address protests within the iLembe District Municipality.

(v) IDP PUBLIC MEETINGS

iLembe District Municipality as a Water Services Authority will at any given point engage with local communities on water and sanitation issues. The purpose of these meetings, for an example, is to introduce new projects, engage the community on revenue matter and any other matters related to the services that are provided by the iLembe District Municipality. The iLembe also gets invited to meetings that are planned by the local municipalities to address challenges related to sanitation and water provision.

Again in relation to IDP meetings, the IDP Representative Forum meetings are convened where public representatives and sector departments are invited, and this platform is crucial to ensure stakeholder participation and alignment as the IDP process takes place. In addition, broader public engagements were held with the communities of the respective local municipalities to engage them on their needs and the approval of the budget. The Public Participation and Draft IDP and Budget meetings that were held in October/November 2018 and April/May 2019 are as follows:

NUMBER OF IDP MEETINGS AND BUDGET MEETINGS HELD DURING 2018/19 FINANCIAL YEAR		
MONTHS	**QUARTER**	**NUMBER OF MEETINGS**
July- September 2018	Q 1	0
October - December 2018	Q 2	23
January – March 2019	Q 3	N/A
April – June 2019	Q 4	19
Total No of Meetings		**42**
NUMBER OF EVENTS AND COUNCIL MEETINGS HELD DURING 2018/19 FINANCIAL YEAR		
MONTHS	**QUARTER**	**NUMBER OF MEETINGS**
July – September 2018	Q 1	11
October – December 2018	Q 2	12
January - March 2019	Q 3	15
April - May 2019	Q 4	7
Total No of Council Meetings		**45**
PUBLIC PARTICIPATION MEETINGS REQUESTED DURING 2018/19 FINANCIAL YEAR		
MONTHS	**QUARTER**	**NUMBER OF MEETINGS**
July – September 2018	Q 1	4
October – December 2018	Q 2	0
January - March 2019	Q 3	0
April – June 2019	Q 4	0
Total No of Requested Meetings		**4 =100%**

(D) IDP PARTICIPATION AND ALIGNMENT

IDP PARTICIPATION AND ALIGNMENT CRITERIA*	YES/NO
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

3.1. PERFORMANCE MANAGEMENT PROCESSES

The Municipal Systems Act (MSA) of 2000, Section 38(a) mandates municipalities to establish performance management systems, and the Planning and Performance Management Regulations of 2001, describes the municipality's Performance Management System (PMS) as consisting of a framework that articulates and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed as well as to determine the roles of different stakeholders.

Performance management is a process that measures the implementation of an organisation's strategy. It provides a mechanism to measure whether targets to meet its strategic objectives set by municipalities and its employees are met. The PMS implementation and management process is carried out at iLembe in different phases namely:

Phase 1: Planning
Phase 2: Monitoring and managing performance information
Phase 3: Performance measurement and analysis
Phase 4: Performance review and improvement
Phase 5: Performance report

Co-ordination involves the overall responsibility of being the custodian of the district's performance management system and managing the system on behalf of the Municipal Manager. This is a strategic function which resides in the Office of the Municipal Manager.

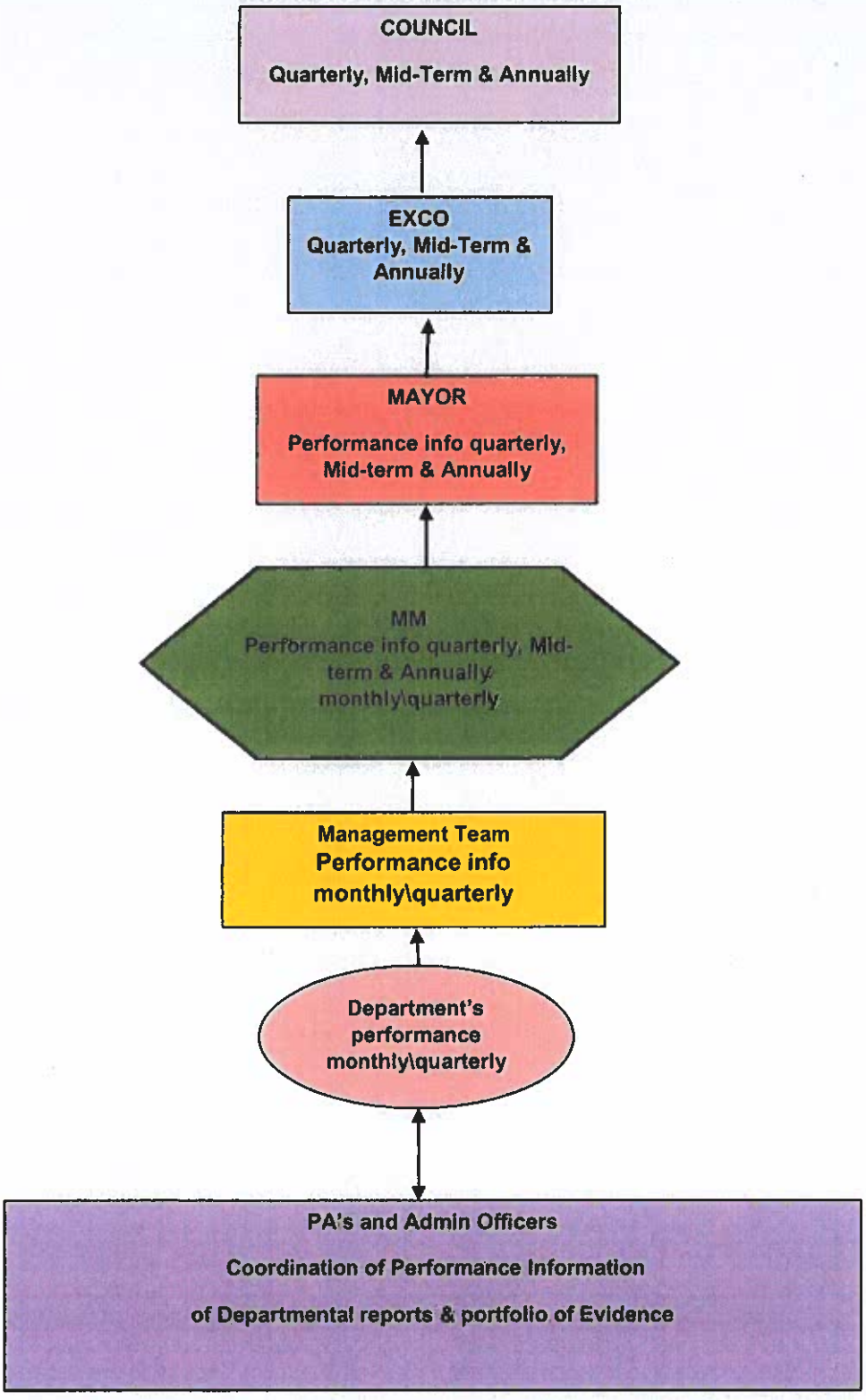
The co-ordination of the implementation phases of performance management is the function of the PMS department who are responsible for the following core activities:

- Co-ordination of the development and implementation activities of the organisational PMS, through interaction with all relevant stakeholders;
- Ensuring and overseeing the implementation of the Performance Management Framework and compliance to all performance legislative requirements in respect of the implementation of the PMS;
- Providing regular support and capacity to the different departments in developing departmental scorecards;
- Continuously providing technical support to the Municipal Manager and the senior management team with implementation, assessment, review, monitoring and information management;

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- Providing capacity for analysing organisational performance information submitted by Senior Managers on a quarterly, mid-term and annual basis in preparation for reporting;
- Responsible for co-ordination and compiling the annual Section 46 performance report;
- Ensuring that all quarterly, mid-term and annual organizational performance reports are submitted to relevant stakeholders timeously, for example, quarterly, mid-term and annual performance reports to EXCO, Council, the Auditor-General, MEC of Cooperative Governance and Traditional Affairs (COGTA) and the public (through website; print media notification and copies are made available for viewing at municipal offices).

The performance monitoring flow chart is as follows:



The Municipal Systems Act of 2000, section 46 (2), requires the municipality to compile an Annual Performance Report that forms part of the Annual Report prepared in terms of the Municipal Finance Management Act. This Report therefore focuses on the Organisational Objectives, and the achievements thereof made by the iLembe District Municipality in the 2018/2019 financial year. It also provides feedback on the targets as set out in the approved

Organisational Scorecard as well as the Service Delivery and Budget Implementation Plan used to monitor performance at an operational level.

3.1.1 PERFORMANCE AND SUPPORTING INFORMATION

The monitoring system places responsibility on each department and individual employees to collect relevant data and information to support the monitoring process. Evidence of performance is gathered and presented to substantiate claims of meeting (or not meeting) performance standards. All portfolios are verified against the reported actual, as it confirms the status of targets met and not met.

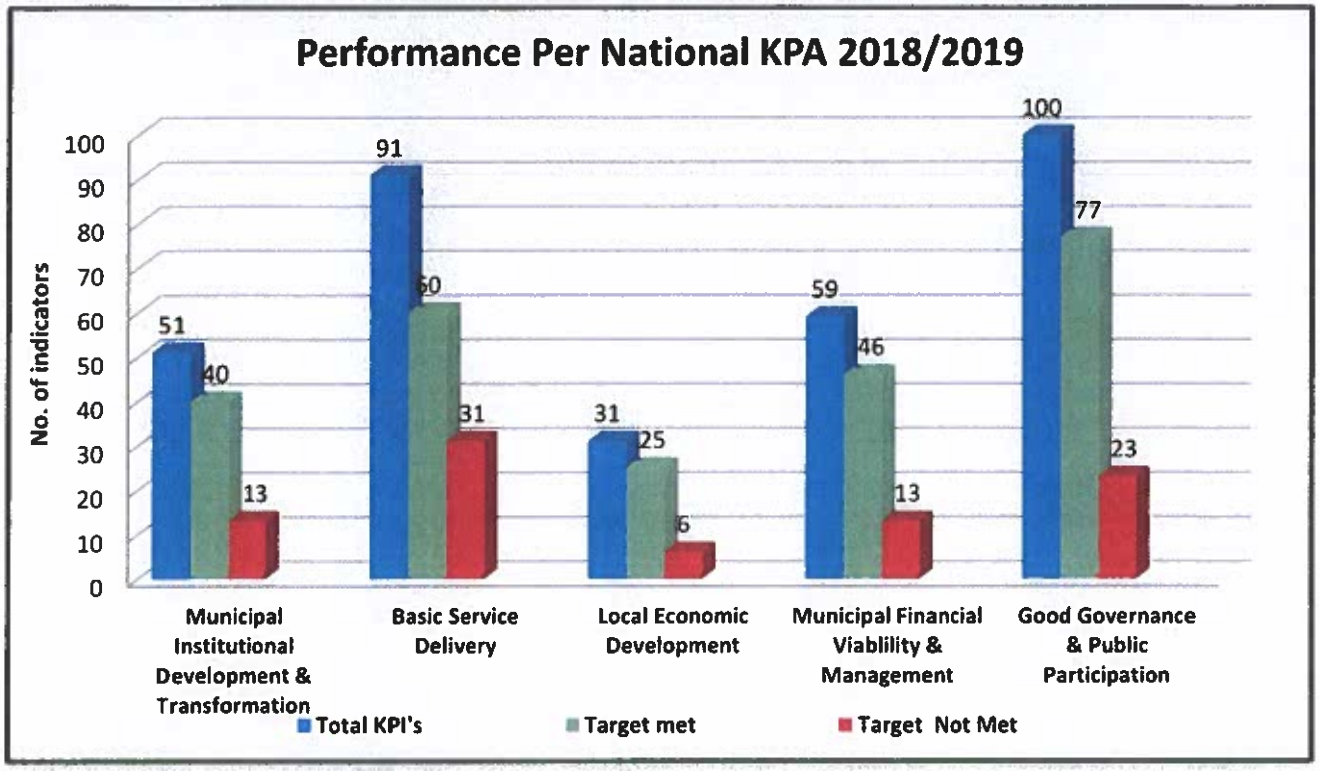
3.1.2 ORGANISATIONAL PERFORMANCE

The Organisational scorecard is a layered plan, with the top layer dealing with consolidated service delivery targets and linking these targets to departmental Service Delivery and Budget Implementation Plans.

The following table indicates the National Key Performance Areas (NKPA's) which includes the number of Key Performance Indicators (KPI's) on the Organisational scorecard and departmental Service Delivery and Budget Implementation Plans (SDBPI's).

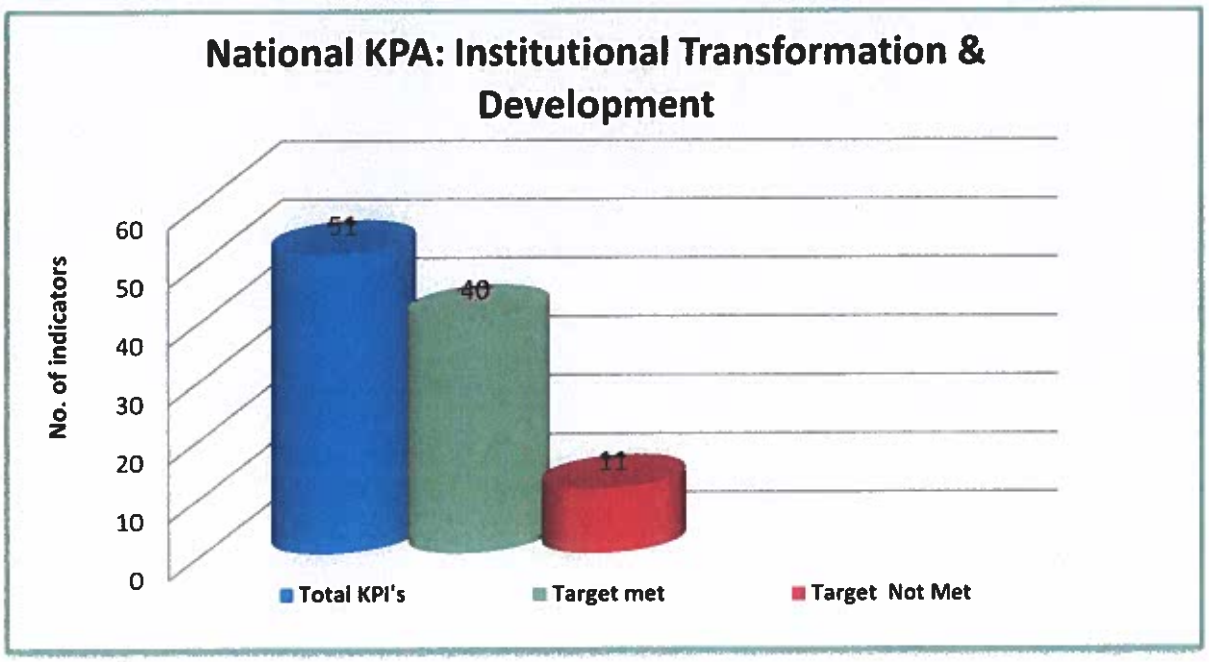
NATIONAL KPA'S	ORGANISATIONAL SCORECARD	DEPARTMENTAL SDBIP'S
Basic Service Delivery	8	91
Financial Viability & Management	7	59
Municipal Institutional Development & Transformation	3	51
Good Governance & Public Participation	4	100
Local Economic Development	1	31

The following diagram depicts the performance per national KPA:



COMPARISON OF PERFORMANCE OF THE NATIONAL KPA'S FROM THE PAST THREE YEARS			
NATIONAL KPA'S	2016/2017	2017/2018	2018/2019
Municipal Institutional Development & Transformation	72%	80%	78%
Basic Service Delivery	74%	75%	66%
Local Economic Development	80%	94%	81%
Municipal Financial Viability & Management	72%	85%	78%
Good Governance & Public Participation	87%	87%	77%

3.1.3 MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION



The Human Resources Unit main function is to establish an efficient and productive administration, this is done by ensuring all policies are aligned with the legislation. Managing the staff component of the municipality, implementing the employment equity plan, improve the capacity of staff to deliver services, ensure the municipality has well skilled and qualified employees, ensure the municipality provides a safe and working environment, promote a safe and healthy work environment in terms of the Occupational Health and Safety Act and other relevant legislation. To ensure the wellbeing of employees and to ensure effective and efficient document management systems are in place.

NATIONAL KPA's	TOTAL KPI's		
EXCLUDING N/A	TARGET MET	TOTAL TARGET MET %	
Municipal Institutional Development Transformation	51	40	78%
Basic Service Delivery	91	60	66%
Local Economic Development	31	25	81%
Municipal Financial Viability & Management	59	46	78%
Good Governance & Public Participation	100	77	77%

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The Support Services Unit ensures effective governance through regular Council meetings, by supplying resources and support services for all EXCO, Council and portfolio committee meetings.

The Legal Unit provides legal advice and ensure resolution of legal matters against and/or on behalf of the municipality, by limiting losses to the municipality – legal risk mitigation, ensure the municipality is legally protected in its agreements with service providers.

The ICT department provide an innovative, effective and efficient information and communication technology service. The department does this by updating and reviewing policies annually, enable the achievement of the municipal objectives as per the IDP, reduces costs of electricity consumption and greenhouse emissions. To align ICT objectives with best practices, manages the provision of the telephone communications and to ensure effective and efficient functioning of ICT.

3.2 PERFORMANCE HIGHLIGHTS AS PER THE ORGANISATAIONAL SCORECARD AND NATIONAL KPA

The Municipal Manager's performance plan covers targets that are reported by departments on a quarterly basis on highlights and challenges, reports were submitted by the human resource department and municipal health services.

All new employees were invited to attend the induction in terms of the induction policy. The report on the Employment Equity Plan was prepared and submitted to the Department of Labour by deadline. The workplace skills plan is on track with all targets, 50% of employees were trained in accordance with WSP. All employees and Councillors on WSP were informed of invitations for relevant training and development through COGTA, SALGBC and SETA approved programmes. All letters were issued to the approved employees for formal education registration.

Twenty two (22) employees were trained who are not part of WSP and 60% of programmes were implemented in line with WSP against a target of 50%. Quarterly reports are prepared on the implementation of the District Human Resource Development Strategy and on the implementation of the municipal assisted study scheme for employee's policy. The work place skills plan and annual training report was completed and submitted to LGSETA before the deadline date. The investigation on the scarce skills plan has been done and captured through the policy on municipal staff retention and attraction.

Quarterly and monthly reports are prepared on the implementation of the occupational health and safety plan. A total of 235 staff were trained on site in terms of occupational health and safety and 14 workshops were held on all LMS. Five wellness programmes were held and the target was exceeded due to an additional wellness programme which was done through health service providers.

Four workshops were held on effective document management system. In terms of the coordination of all Council and EXCO meetings, all scheduled meetings were held and minutes were prepared. The target has been exceeded due to additional special meetings that were held. In terms of portfolio committee meetings, all meetings were coordinated.

For the Legal Unit, days for drawing and vetting legal documents is at 2,66 days and the turnaround time for legal matters to be resolved is 15 days against a target of 1 month. All service level agreements are finalised within one month of request.

Monthly reports on monitoring of the performance on ICT SLA's are prepared. The ICT security policy was reviewed and presented to Council at a workshop and then submitted for approval. Four project plans were developed. Six buildings are installed with Energy Efficiency Technology in terms of implementation.

In accordance with the ICT governance framework, four reports were prepared on the implementation of ICT risk management and ICT disaster recovery plan, two business continuity plan tests were conducted and quarterly reports were prepared on the ICT governance framework. The Ndwedwe offices were connected with the telephone system, it was tested and it is fully operational. Quarterly reports were prepared on the assessment and maintenance of the ICT infrastructure.

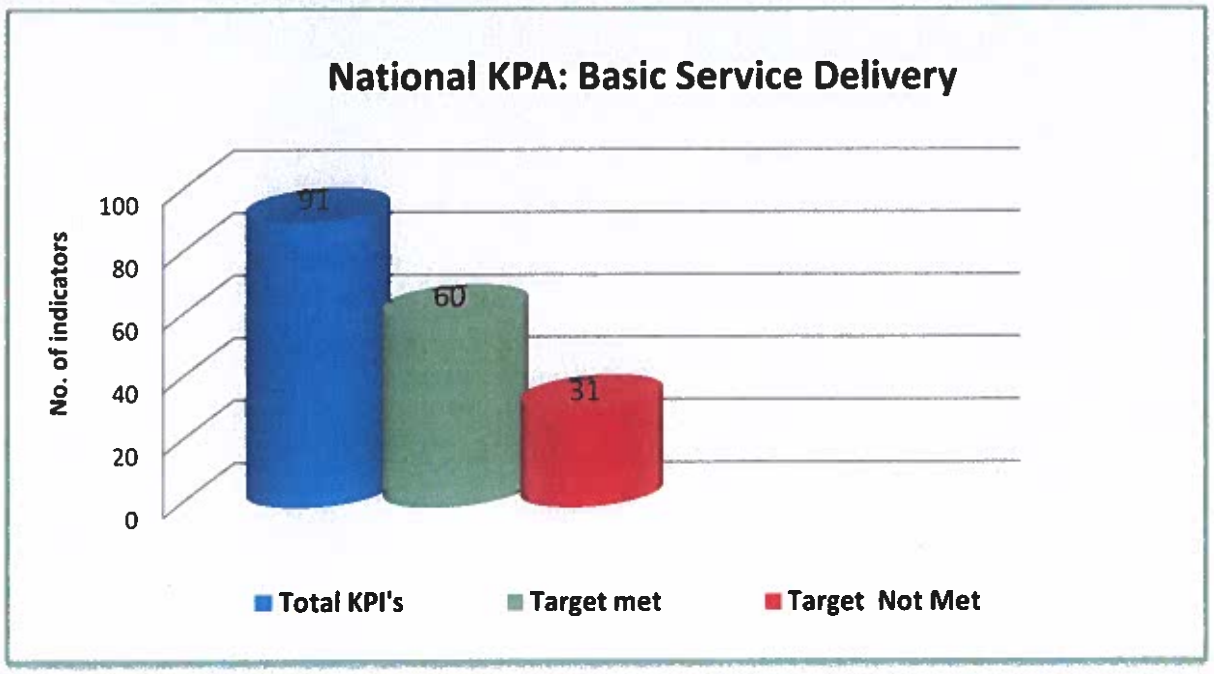
Ref EI 27 & 28 Enterprise iLembe training budget expenditure is at 100%. The Board reviewed Organogram and 90% of positions on the organogram are filled.

3.3 CHALLENGES AND MEASURES TO IMPROVE PERFORMANCE AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

CHALLENGES	MEASURES TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURES
MUNICIPAL INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT	
Ref Org 16 – the vacancy rate is at 14, 29% against the target, maintain under 12%. The increased vacancy rate figure is somehow affected by the implementation of austerity measures as some posts are prioritised to be filled. Also, it is affected by resignations, retirements, dismissals and deaths.	To conclude eight prioritised posts by the first quarter.
Ref Org 17 - Number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan is only 2 filled against a target of 3.	3 people were appointed in the three highest levels, but only 2 comply with the Equity Plan. The target should have been to appoint 2 males and 1 female in order to be in line with the Equity Plan & Targets. Equity target candidates can only be appointed if they comply with and meet the requirements as provided for in the Regulations on Appointment and Conditions of Employment of Senior Managers. Adverts already include a sentence that reads thus: "Women are strongly encouraged to apply".
Ref Org 18 - Percentage of the municipality's budget actually spent on implementing the approved WSP is at 0, 56% against a target of 1%.	Institutional budgetary constraints inclusive of austerity measures currently impose financial constraints on allocation of skills development given urgent and top priority service delivery imperatives. 'Training provision enhanced through external training opportunities including but not limited to LGSETA, SALGA, COGTA, etc.
Ref CS 01 – Seven policies were reviewed but not submitted to EXCO and Council by the deadline date.	It was not submitted due to scrutiny by the Senior Manager. The policies will be submitted to the next EXCO and Council in the new financial year.
Ref CS 02 (b) – No induction workshops were held, in the last six months of the financial year.	Induction was scheduled in March 2019 however it was postponed, but was not held due to the unavailability of the newly appointed employees. Inductions will be held in the new financial year.

Ref CS 13 (b) – Occupational Health & safety training - Target of 160 sites inspected in terms of unsafe working conditions was not met, as 66 sites were done. There are different challenges from each site that impact on time spent in each area. Distance travelled between sites, also affects time.	Target will be re-looked at, in the new financial year, based on challenges encountered. Standard OHS Site Inspection & Assessment Schedule to be developed to expedite critical aspects of each and every site inspection
Ref CS 15 – Assessment of municipal buildings based on health and safety – the draft feasibility study was not done. Failure of the Service provider to present according to expectation of the municipality led to non-finalisation of this target.	Strategic intergovernmental engagements with high capacity neighbouring municipalities to provide technical support are in progress.
Ref CS 19 – The minutes prepared as per meetings held by deadline – one set could not be done.	The meeting was not held due to lack of quorum, the meeting will be held in August 2019.
Ref CS 24 (a) - Monitoring of Service Level agreements, Mimecast could not be renewed before the start of the new financial year, as budget is required to prepare an order. The system was closed up until 15 July 2019. SAGE VIP SLA was due for renewal on 28 Feb 2019 which was not done on time, as we were awaiting for adjustment budget. SLA renewal is dependent on budget availability.	SLA for Mimecast will be renewed in the first quarter of 2019/2020 financial year. However the SAGE VIP SLA was renewed on 2 April 2019.
Ref CS 26 (b) – Number of functional ICT strategy projects plans by deadline is not done against a target of 2 in terms of Biometric Access control the sole service provider in dispute and it's escalated to COGTA. Launch of the call centre App is delayed due to the unavailability of field workers to attend training in May 2019, which was rescheduled in June 2019, however due to strike could not continue.	Once appropriate advisory inputs are obtained, bid spec and subsequent procurement processes will be concluded in the 1st quarter of the new financial year. Field workers will be trained in July and the call centre launch app will take place in August.

3.4 BASIC SERVICE DELIVERY



The core function of the municipality is to ensure sustainable provision of water and sanitation services and improve access to these basic services thereby reducing backlogs. The provision of water must be of excellent quality that will meet or exceed the National Standards. Response time to water and sanitation interruptions is crucial for services reinstated therefore specific timeframes have been set that must be adhered to and monitored for continuous customer service.

The table below shows the households connected for water and sanitation for the 2018/2019 financial year:

TOP LEVEL SUMMARY OF 2018/2019 HOUSEHOLD (HH) BENEFICIARIES			
	TOTAL NUMBER TARGETED	ACTUAL NUMBER CONNECTED	PERCENTAGE ACHIEVEMENT AGAINST TARGET
WATER	1 099	1 604	146%
SANITATION	1 800	1 361	76%

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3.4.1 EXPENDITURE

The overall expenditure on water capital projects are as follows:

PROJECTS	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE TO DATE	% SPENT TO DATE AGAINST ADJUSTMENT BUDGET
WATER				
Ngcebo /KwaDukuza Water Supply	R4 608 695	R19 691 332	R 20 046 706	
Lower Thukela Bulk Water Supply - Total Adjusted budget was R69,833,964, however the Final budget is R73,033,964 due to R3,200,000 for 1ML Rerservoir at Driefontein - OT12- Phase 1- TS/169/2016 as the project was funded by rollover during the adjustment	R 59 422 609	R3 033 964	R 45 389 656	
Ozwathini/Phambela Water Supply (Maphumulo)	R11 667 826	R 22 273 818	R 21 936 922	
Macambini Water Supply Phase 2	R25 217 391	R42 192 258	R 28 826 016	
Balcome/KwaSizabantu Water Supply (Maphumulo Wards 5 & 6)	R4 086 957	-	R2 490 722	
Ndulinde Water Supply Scheme (Mandeni Ward 6 and 11)	R11 304 348	R9 036 089	R 5 607 545	
Wosiyane Extension - Water Supply	R4 347 826	R 237 678	R237 678	
Total - Adjusted budget was R163,265,139, however the Final adjusted budget is R166,465,139 due to R3,200,000 for 1ML Rerservoir at Driefontein - OT12- Phase 1- TS/169/2016 as the project was funded by rollover during the adjustment	R 120 655 652	R 166 465 139	R124 535 245	**75%**

The overall expenditure on sanitation projects are as follows:

PROJECTS	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE TO DATE	% SPENT TO DATE AGAINST ADJUSTMENT BUDGET
SANITATION				
Ndwedwe TS/158/2015 - There was a transfer of funds, and the final budget is R 7,455,651	R 8 695 652	R 6 695 651	R 10 033 683	
Mandeni TS/156/2015 - There was a transfer of funds, and the final budget is R 4,700,000	R8 695 652	R 5 000 000	R 4 653 627	
Maphumulo TS/157/2015 - There was a transfer of funds, and the final budget is R 6,235,651	R8 695 652	R6 695 651	R 6 175 425	
Groutville Waterborne Sanitation	R28 695 652	R35 700 100	R 33 021 768	
Mandafarm Waterborne Sewer - at Mandeni	R4 347 826	R -	R -	
Darnall WWW Upgrade	R 2 608 696	R 215 940	R 195 358	
Driefontein Water Borne Sewer	R1 739 130	R 249 548	R 249 548	
Mdlebeni Water Borne Sewer	R869 565	R -	R -	
Sundumbili WWTW Upgrade	R2 608 696	R800 000	R1 027 315	
KwaDukuza Regional WWW	R2 608 696	R1 000 000	R 410 300	
Total	**R69 565 217**	**R 56 356 890**	**R55 767 024**	**99%**

3.4.2 PERFORMANCE HIGHLIGHTS AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

Ref Org: 1 - to ensure continuous and sustainable water services, the total number of households with access to water, is 1 604.

The overall achievement against annual target is 146% for water obtained for 2018/2019 financial year. There are 500 households with access to water from Ozwathini/Nondabula water supply scheme that were not targeted for in 2018/2019. These connections have an impact on the water backlog eradication that decreased by 0, 84%, which is an improvement of 0.53% when compared to the previous financial year, 2017/2018, which was 0.31%.

The backlog eradication calculation is based on the total number of households in the District of 191 369 by Statistics SA, Community Survey 2016. This is the official and latest information available for use.

Turnaround time for reinstating water services within 48 hours and for sanitation services within 24 hours is at 100%.

Ref Org: 03 & 06 - To provide excellent water quality that meet or exceed national standards and to monitor wastewater quality, four quarterly reports were prepared as of end June 2019 for blue drop and green drop assessment status.

In terms of progress on all capital projects details are as follows:

Ref TS 17 – Zone F, L, M & AO – Stage 6 is complete

Ref TS 19 – Ngcebo/KwaDukuza water supply – Zone B&D, AH, AK, AF & Luthuli (Maphumulo) - The project is on track as per the plan.

Lower Thukela Bulk Water Supply; the following projects are complete as per set targets;

- Ref TS 21 – OT 11 - 2,5 Ml Mgigimbe Reservoir & Mbonisweni Pump Station - TS/132/2015
- Ref TS 23 – UW Siyaphambili - OT 6- Phase 2 500 Dia pipe from UW to Lindelani, Pumping station O/T6 at Lindelani, 5ML Reservoir at Lindelani - TS/151/2015

- Ref TS 25 – Construction of 500mm dia x 2800m long PVC pipeline and 5 Ml Reservoir at Siyaphambili - OT 06 - TS/155/2016
- Ref TS 26 – 1ML Reservoir at Driefontein - OT 12 - Phase 1 - TS/169/2016

Lower Thukela Bulk Water Supply; the below projects are at construction stage and they are ahead of targets, as the Contractor has been instructed to accelerate work on the ground;

- Ref TS 29 – OT 1 – Construction of 3Ml Reinforced Concrete Ikamu Reservoir, 4.3km UPVC 200mm diameter gravity main and 1 pumpstation at San Christopher - TS/189/2017
- Ref TS 31 – OT 7 - Blythedale 400mm dia pipeline & 5ML Reservoir - TS/187/2017

Lower Thukela Bulk Water Supply; the following projects are at construction stage and they are on track, although there are challenges on the ground;

- Ref TS 32 – OT 8E - Stanger Manor 315mm dia pipeline - TS/185/2017
- Ref TS 33 – OT 8F - Shakaville & Stanger - 200mm dia pipeline - TS/186/2017
- Ref TS 34 – OT 8F - Stanger Manor- 300mm dia pipeline

Lower Thukela Bulk Water Supply; these projects are at Stage 4 – 50%, which is design development and they are on track,

- Ref TS 36 – OT 13A - Ingelmere Estate, Helmsley, Mursia cane - 400mm dia pipeline & Reservoir
- Ref TS 37 – OT 13B - Ingelmere Estate - 300mm dia pipeline

Ozwathini/Phambela Water Supply (Maphumulo) – Ref TS 39 - the project is complete.

Macambini Water Supply Phase - Phase 2, the projects are at construction stage;

- Ref TS 41 – Sundumbili Rising Main - TS/175/2017, progress to date is 84%, when compared to target of 70%.
- Ref TS 42 – Mandeni Pump station - TS/176/2017 progress to date is 95%, when compared to target of 100%.

- Ref TS 44 & 46 – Macambini Water Supply - Phase 4, 5, 6 & Phase 7, 8, 9 - Documentation and Procurement processes are complete for both projects and they were completed in March 2019, earlier than the planned date, which is 30 June 2019.

Balcombe/KwaSizabantu Water Supply

- Ref TS 48 – Ntunjambili water supply scheme, Stage 3 is at 10%, which is preliminary design
- Ref TS 50 – Zone I & J - TS/161/2016, the project is complete

Ref TS 54 – Wosiyane Extension Water Supply - Swayimane Msilili, Ndaka, and Hoqweni, community water supply scheme, documentation and procurement process is on track as per the target.

In terms of the sanitation projects, Ref Org: 04, the below projects are at construction stage and they are ahead of targets,

Groutville Waterborne Sanitation

- Ref TS 62 – Construction of bulk sewer in 1No. 600m³/Day Package Wastewater Treatment Plant and Mnyundwini, Njekane and Etsheni Pumping Station - TS/179/2017
- Ref TS 63 – Construction of bulk sewer in 1No. 600m³/Day Package Wastewater Treatment Plant Chris Hani, Lloyds & Ntshawini Settlements and Gledhow village pump station - TS/180/2017

Ref TS 65 – Mandafarm Waterborne Sewer - at Mandeni, Stage 3 is at 10%, which is preliminary design

Ref TS 67 – Darnal Waste Water Works Upgrade - Stage 5 - documentation and procurement stage is complete.

Ref TS 69 – Driefontein Water Borne Sewer - Preliminary design is at 100%, when compared to target of 10% in June 2019.

Ref TS 75 – KwaDukuza Regional wastewater works upgrade - Stage 1 is complete, which is planning, studies, investigations and assessments. In addition, Stage 2 - Inception is complete. Both stages were completed in December 2018, earlier than due date, which is March and June 2019 respectively.

Majority of maintenance and replacements of ageing infrastructure projects are on track;

- Ref TS 77 – Fawsely Park to Highridge - TS/165/2016, the project is complete.
- Ref TS 79 – Masibambisane – preliminary design stage is complete
- Ref TS 81 – KwaDukuza Old Mains Replacement – documentation and procurement stage is 80% complete.

- Ref TS 83 – Mandeni Old Mains Replacement – Stage 1 is complete, which is planning, studies, investigations and assessments.

There were good Contract Participation Goal partners who assisted the Contractor in speeding up progress on the ground, at Ndwedwe:

- Ref TS 86 – Ndwedwe North Refurbishment water schemes - TS/184/2017, construction stage is at 98%, when compared to target of 80%.
- Ref TS 87 – Ndwedwe South Reticulation Refurbishment - TS/197/2019 - documentation and procurement stage is 98% complete.
- Ref TS 89 – Lindelani Sewer upgrade at KwaDukuza - Stage 1 is complete, which is planning, studies, investigations and assessments.

3.4.3 CHALLENGES AND MEASURES TO IMPROVE PERFORMANCE AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

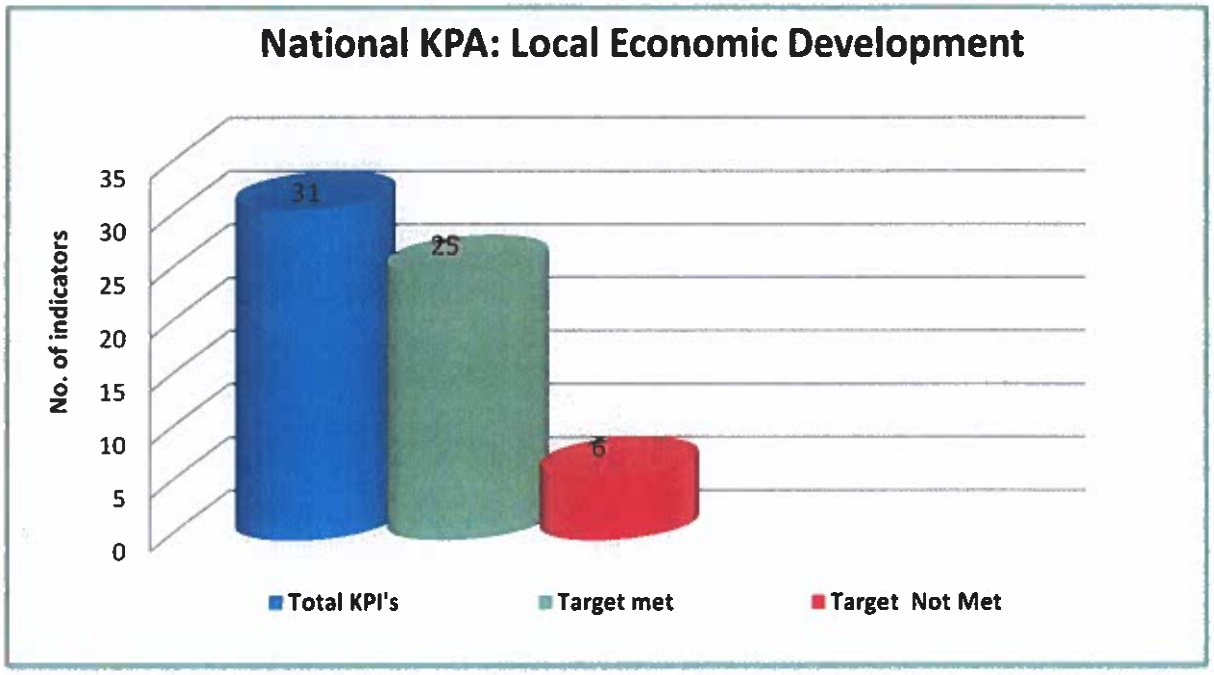
CHALLENGES	MEASURES TO IMPROVE PERFORMANCE
REF ORG 01 - WATER PROJECTS	
Ref TS 29 - Off take (OT) 5 – 5ML new Hyde Park Reservoir; 1.3km of UPVC 200mm diameter pipeline - TS/188/2017 - Design level material not compactable (Red Sand) and the Contractor has to stop until IDM/Geosure advise them. In addition, heavy rain caused a stoppage on site.	Geosure was called back to site to check the earthworks drawing and make new recommendations and the construction resumed on the 05th April 2019.
Ref TS 52 - Ndulinde Water Supply Scheme (Mandeni) – Phase 1, 2C & 4C - TS/178/2017 - The construction progress is at 36%, when compared to target of 70%. Delays are mainly due to poor performance by the Contractor.	Contractor has been served with an intention to terminate by IDM on 02 July 2019. They have responded committing to complete the work, in February 2020. IDM is continuing with the termination process.
TS 15 – Stage 7 is complete, however only the progress report has been received.	The close out report will only be available in February 2020, as the Contractor is still attending to snags
Ref Org 04/05 – The % decrease in backlog eradication is 0.71% against a target of 0.94%. Mandeni VIP toilets TS/156/2015 - The Consultant had to address faults from the previous phase before commencing on current year's allocation, as a result only 161 VIP toilets	Faults have been sorted and construction has commenced on new phase

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have been constructed when compared to target of 600.	
Ref Org: 07 - 3 reports are prepared on monitoring of the concession in terms of the Siza Water Plan as the 4th quarter report was not received from the service provider.	
SOUTHERN REGIONAL BULK WATER AND SANITATION SCHEME	
Ref TS 15 - Southern Regional Bulk water scheme - TS/181/2017 – Construction stage was not met, as tender has been awarded.	We have received general authorisation and the Contractor will be moving to site.
Ref TS 15 - Southern Regional Bulk sanitation scheme -TS/182/2017 - Contract has been awarded. There were delays due to farmers refusing access to land.	The project will only commence, once we receive WULA approval. A meeting was held with farmers, some of them have agreed to give access to land. Negotiations are continuing.
Ref Org: 8 - As part of the Extended Public Works Programme through water, sanitation infrastructure and service delivery efforts 1 168 people were employed from all local municipalities within the District, against the target of 1 300. Target could not be achieved due to challenges encountered at Mandeni VIP project - TS/156/2015.	
REF ORG 04 - SANITATION PROJECTS	
Ref TS 58 - Mandeni VIP project - TS/156/2015 – Total household beneficiaries targeted for new sanitation provision was six hundred (600). The actual number of households with access to sanitation is one hundred and sixty one (161). The target was not met, as the Consultant had to address faults from the previous phase before commencing on current year's allocation.	Faults are sorted and construction has commenced on a new phase.
Ref TS 71 - Mdlebeni water borne sewer– The target of Stage 4 – 10%, which is design development, was not met. The Project is on hold - awaiting KwaDukuza Municipality to confirm if the construction of new houses will continue.	
Ref TS 73 - Sundumbili Waste Water Treatment Works Upgrade– The target of Stage 4 – 10% was not met, which is design development. Water Use Licence Application is not yet finalised.	
REFURBISHMENT/REPLACEMENTS PROJECTS	
Ref TS 85 - Water Conservation/Water Demand Management Plan - There was a delay in finalizing the process of appointing	The municipality is in the process of appointing the new service provider (TS/199/2019) for the period of three years.

the service provider to undertake Water conservation/Water Demand Management due to objections by bidders.	
Ref TS 82 - Maphumulo Old Mains Replacement – Stage 1 is not done, as the Operations & Maintenance unit was advised that, there was no need for such a project.	

3.5 LOCAL ECONOMIC DEVELOPMENT



Enterprise iLembe continues to improve co-ordination of Local Economic Development in the District. Implements and ensures sustainability of projects to upscale agriculture development in the District. Capitalises on tourism potential to increase visitor numbers in the District. Increases manufacturing output in the District to attract interest in investment. And ensures job creation by identifying and packaging new projects in existing sectors.

3.5.1 PERFORMANCE HIGHLIGHTS AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

Ref Org: 19 - A total of 20 small scale farmers were identified and supported by the Entity.

The Integrated Development Plan was reviewed and adopted by Council on 29 May 2019. In terms of the District climate change response strategy, the project is ahead of target as the

Consultant, which was appointed by the Department of Environmental Affairs, prepared the draft strategy.

Drafting of the Integrated Waste Management Plan has been done and is currently at situational analysis phase.

Quarterly LED forums are held and attended with representatives from all the local municipalities. Regarding new markets for farmers, report was prepared on capacitating farmers and engagements with Government departments by the deadline. The project of agricultural Hydroponic Tunnels, the Ndwedwe site is fully operational. Quarterly reports were prepared on the maintenance of the vineyards. The ownership model for existing projects, formalisation of co-operatives for handing over by June 2019 is on track and a report has been prepared outlining the progress status.

Tourism potential is on track, one Community Tourism Organisation was established at Mandeni. Tourism marketing and development is progressing well, with six exhibitions attended, seven adverts/advertorials were in relevant publications, one official tourism travel guide for 2019/2020 financial year was developed, two tourism industry research performance reports prepared and six events supported to increase visitors to the district.

Two business confidence indexes were developed. Bi-annual reporting was done on the implementation of the investment promotion strategy. The investor prospectus was reviewed by end June 2019. A total of 31 business networking sessions were attended/hosted and 2 progress reports were prepared on the Entrepreneur competition.

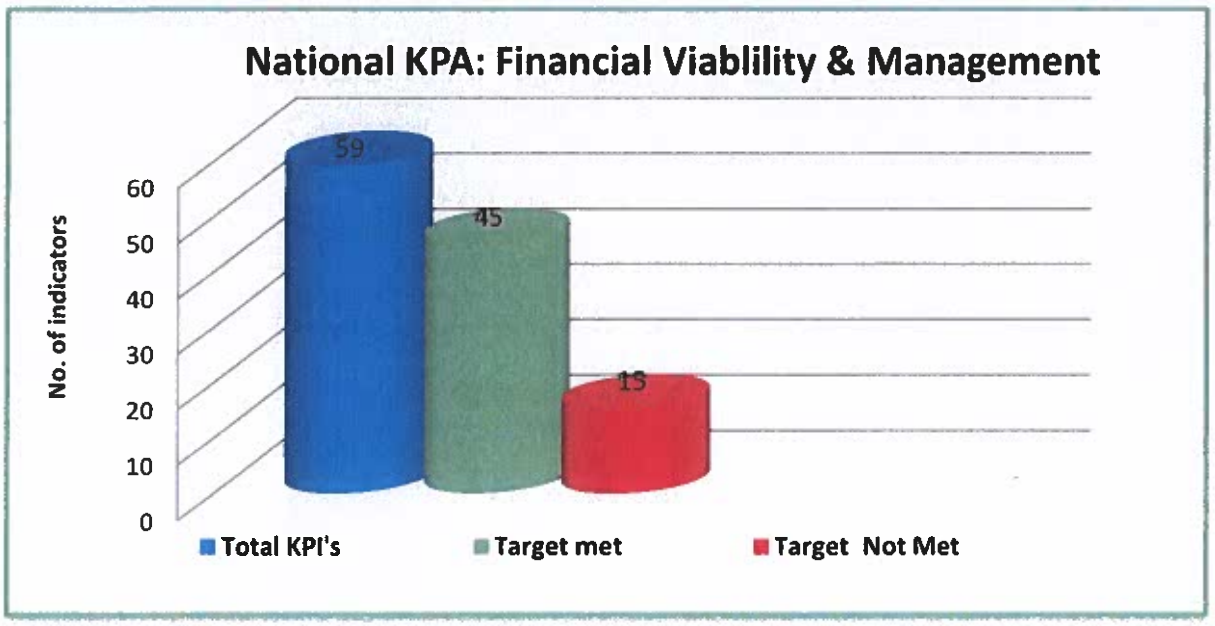
New co-operatives registered as of at end June 2019 is at 32 and 47 co-ops and SMMEs were assisted with funding applications. Two programmes were implemented, namely, the business incubator and the skills development facilitation programme. An engagement session was held with local municipalities to encourage local businesses to take advantage of government programmes.

Funding was secured form the department of Labour to activate the UIF learner activation programme. The broadband project, funding was sourced for Phase 1 of the ICT project, it was secured from COGTA for the public Wi-Fi programme in Ndwedwe and Maphumulo.

3.5.2 CHALLENGES AND MEASURES TO IMPROVE PERFORMANCE AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

CHALLENGES	MEASURES TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURES
LOCAL ECONOMIC DEVELOPMENT	
Ref OMM 34 – Only 6 planning and infrastructure alignment meetings were held due to the slowdown in development primarily because of the slow economic growth rate.	
Ref OMM 35 – The reviewed district growth and development plan is not yet adopted. It will be undertaken through the Vuthela iLembe LED programme due to unavailability of internal financial resources.	
Ref EI 02 – Percentage produce procured from Local iLembe farmers is at 59% against a target of 70%. Target was not met due to lack of infrastructure development, harsh weather conditions, seasonality of some of the commodities, which had to be sourced from the market.	Enterprise iLembe has received funding from Cogta, which will be used towards infrastructure development; we have also engaged the Department of Education regarding the planting of substitute commodities to mitigate against seasonality. Department of Agriculture has also been engaged to assist with the supply of inputs and infrastructure development.
Ref EI 03 - Fourteen new farmers have been introduced for support by the Entity for the 2018/2019 financial year when compared to target of twenty. Further, six existing farmers were maintained as they still require assistance in terms of agricultural inputs and mechanization	KPI will be reviewed during 2019/2020 budget adjustment to include new and maintained small scale farmers in order to meet the target and also aligned to the KPI
Ref EI 09 – The feasibility study for new tourism initiatives was not done.	Project timeline changed due to change in scope of works. Project completion date will be in next financial year
Ref EI 21 – Sixty four [64] co-operatives were trained, against the target of 94. Additional Forty-seven [47] SMME's were trained during 2018/2019 financial year, however they are not measured on the SDBIP. Total co-operatives and SMME's trained adds up to 111.	KPI will be reviewed during 2019/2020 budget adjustment to include SMME's.

3.6 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT



Compliance monitoring is crucial to ensure all legislative deadlines are adhered to. The finance department therefore continuously ensures that effective and adequate financial management is always a priority. The budget and compliance unit meets all required legislated standards to ensure credible budgeting. The focus of the budget and compliance department is on monitoring and ensuring compliance with the MFMA and relevant regulations. The expenditure management unit maintains sound expenditure management principles.

The Assets and logistics management department implements sound and effective asset principles. Revenue management continues to monitor revenue collection and debtors' management. The Supply chain management unit continues to implement the framework policy, inventory principles and adherence to the approved policy.

3.6.1 PERFORMANCE HIGHLIGHTS AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

Ref Org: 9 - To ensure sound and credible general financial management principles, 100% of all statutory monthly and quarterly reports to National & Provincial Treasury were submitted as per the section 71 regulation.

Ref Org: 11 - Total debt coverage is at 11%. The norm is 45% and below, this indicates that the municipality has the capacity to increase funding from borrowings; however, this should be considered within the cash flow requirements of the municipality.

Ref Org: 15 - The annual financial statements for the 2018/2019 financial year were submitted to the Auditor - General as per the legislative deadline date on 31 August 2019, including the consolidated financial statements. The municipality achieved an unqualified audit opinion, where matters that were qualified were due to financial constraints.

The finance department achieved a total of 1 269 against a target of 650 households in terms of the reduction of unmetered household's within the district.

Revenue protection and enhancement, revenue growth of the municipality is at 49% against a target of 5% with the increase in debtors which resulted in high billing. Service charges revenue budget implementation is at 94%.

All overdue accounts are being restricted. In terms of debtor's management, 100% of debtors over 90 days are issued with notices via statements of accounts/SMS. The percentage of households on the indigent registered earning less than R3500.00 with access to free basic services is at 100%, as per approved applications. Bad debts written off as a percentage of the bad debts provision is at 100%.

The fully funded operating and capital budget for 2019/2020 was approved by Council on 29 May 2019. The Municipality complied with KZN Provincial Treasury checklist on the 2018/2019 approved adjustment budget and the 2019/2020 first draft budget. The implementation and monitoring of the monthly Standard Operating Procedures reports have been prepared. Financial statements are being prepared on a monthly basis and progress on audit queries resolved is at 92%, against the target of 80%. The remuneration cost monitoring is at 30% which is within the norm of 25% to 40%.

The turnaround time for the Supply Chain Management processes in recommending preferred bidders to departments is 10 days against a target of 10 days for amounts between R30 000 and R200 000 and 3 days against a target of 5 days for amount between R2 000 and R29 999.

Contract Management – quarterly consolidated reports are prepared on performance of service providers. In terms of inventory management monthly stock takes are done,

turnaround time to resolve queries is at 14 days and monthly reconciliations are conducted between the stock report as per Munsoft and the AFS.

Assets and logistics management conducted the asset verification for quality and a reliable fixed asset register on movable and immovable assets is being done quarterly and annually respectively. Monthly reconciliations were conducted between the asset register & annual financial statements.

Impairment of property, plant and equipment is at 0.12%. Monthly reconciliations are conducted between assets under construction & the project register. Capital expenditure to total expenditure is at 24%. The high capital expenditure is attributable to current projects under construction and being paid for.

In terms of financial viability within the Entity, all MFMA Section 87 (11) monthly financial information reports are submitted to the District by deadline. Cost coverage is at 3.75:1 and cash flow management is at 112 days. The Entity received an unqualified audit opinion with finding for 2018/2019 financial year.

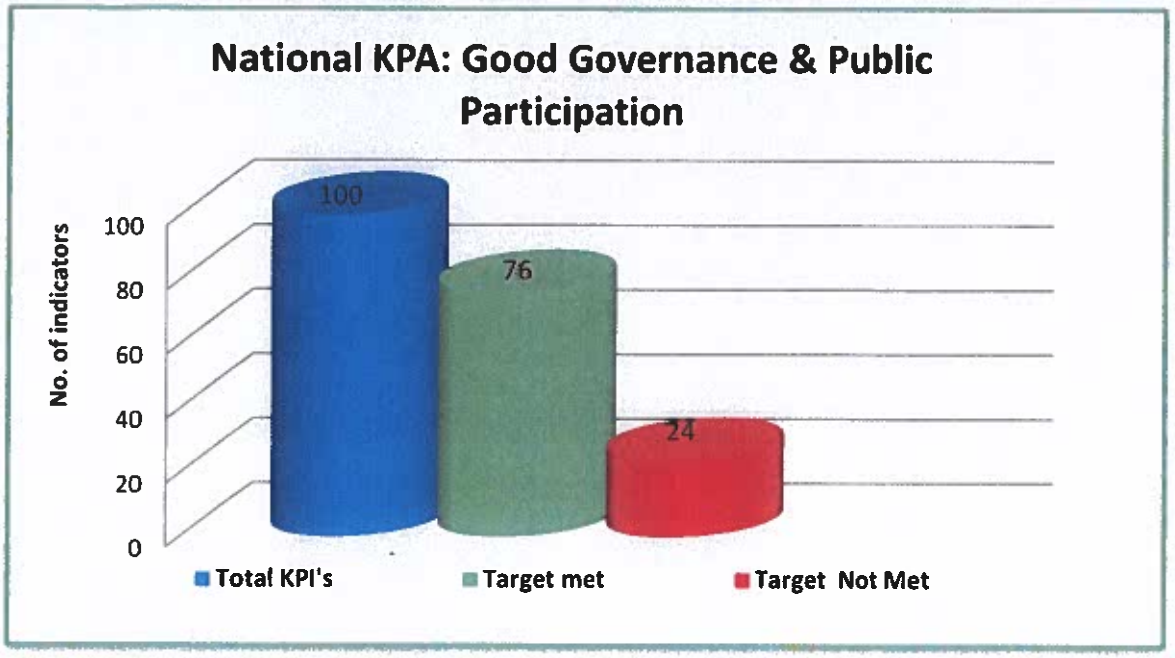
3.6.2 CHALLENGES AND MEASURES TO IMPROVE PERFORMANCE AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

CHALLENGES	MEASURES TAKEN TO IMPROVE PERFORMANCE
Ref Org: 10 - Average number of days taken for trade creditors to be paid is at 47 days when compared to the target of 30 days. The cash flow position of the municipality continues to be constrained given the persisted poor collection rate particularly from historic debt.	Management and Council are working vigorously to turn the situation around by means of strengthening the credit control and collection measures; implementing stringent cash flow monitoring; revamping and re-enforcing control measures at the Stores department, amongst other measures to be implemented as well.
Ref Org: 13 – the monitoring of revenue collection is at 64% against a target of 75%. This is due to conversion of prepaid meters to conventional metering, which has increased billing. Consumers are taking more time to pay. Disconnections are not	The revenue section to enforce and implement the credit control policy. Disconnect consumers frequently. Hand over consumers to the debt collector for collection. Monitor meters that are not buying water and convert them to conventional metering and also

done frequently. High level of faulty prepaid meters, leads to the conversions. Culture of non-payment by consumers. Additional areas are being read in Groutville which is resulting in more billing and unable to collect immediately.	monitor the ones that have been converted and track payments as there is a culture that, the consumers are on prepaid and therefore do not pay.
Ref Org: 14 - Turnaround time for awarding all the tenders (bids) is at 94 calendar days, against a target of 90 calendar days.	Management to implement close monitoring on bid committee sittings to be finalized within the stipulated periods.
Ref FV 03 – Overdue accounts restricted is at 74%, when compared to target of 100%. This is due to human capital shortages.	Siza Water was contracted to assist the municipality with restrictions.
Ref FV 07 - Indigent with access to free basic water is at 1701 against a target of 3000. The challenge is that, indigent applications are expiring and consumers are not coming forward to re-apply for the benefit. This is not within the control on the department and thus dependant on consumers coming forward.	The Vuthela programme is currently underway, to align indigents register of the district to the local municipalities.
Ref FV 15 - Cash/Cost Coverage Ratio is at 34 days, compared to the target of 60 days. This is attributed by the cash flow position of the municipality that continues to be constrained given the persisted poor collection rate particularly from historic debt.	Management and Council are working vigorously to turn the situation around by means of strengthening the credit control and collection measures; implementing stringent cash flow monitoring; revamping and re-enforcing control measures at the Stores department, amongst other measures to be implemented as well.
Ref FV 16 - Current Ratio is at 1.10:1 against a target of 1.5:1.	
Ref FV19 - Percentage progress in implementing the procurement plan is 70% against the target of 100% due to some projects not starting during the financial year therefore this affected the annual target.	To closely monitor user departments for the periods as set out in the procurement timetable so projects are completed within the stipulated timelines.
Ref CS 32 (a) – Information and Communication Technology had one repeat finding in 2017/2018 financial year.	The IT Compliance Officer post is in process of being filled. For the remaining vacant posts, management will engage with Budget Steering

	Committee and ensure that, the required funds are made available to fill vacant ICT posts
Ref TS 06 – Capital expenditure monitoring is at 68% when compared to the target of 100%. This is due to the following challenges; 1. WSIG grant was received late and the technical services department could not appoint the service provider due to the objections. 2. Massification grant allocation was received late. 3. RBIG - we could not get access to land, which delayed project expenditure.	1. Objections are at Municipal Bid Appeals Tribunal (MBAT) and will be finalised in quarter 1 of 2019/2020 financial year. 2. Massification grant has been spent, and there is a rollover to the new financial year. 3. RBIG – the municipality applied for a rollover and Contractor to complete works by December 2019.
Ref TS 07 – Repairs and maintenance expenditure target was not met, as actual is 74%	
Ref EI 32 – Operational budget expenditure is at 80%	Insufficient evidence received.
Ref EI 34 (c) – Monitoring progress on 2017/2018 audit action plan is at 95,5%	Awaiting response from South African Revenue Services regarding the reversal of interest and penalties.

3.7 GOOD GOVERNANCE AND PUBLIC PARTICIPATION



Effective public awareness of municipal business is important in order to strengthen partnerships with various stakeholders through communicating municipal business. This is done through information dissemination in the form of radio slots, external and internal newsletters and on-going advertorials and public participation. Implementation of the various strategy also plays a role.

The Disaster Management Unit ensures rapid and effective response in assisting vulnerable communities during incidents and disasters, that disaster stricken communities exercise the risk avoidance behaviour during all incidents and disasters. Capacity building programmes are held to create a resilient and pro – active community.

The special projects units' main intention is to improve the quality of life within the district, by mobilising the communities against social impacts of HIV/Aids and to conscientise society about the impact of patriarchal policies. Implementation of Operation Sukuma Sakhe is also done within this unit. To preserve our history and heritage many celebrations are held to promote arts and culture, tourism and social cohesion within the District. Implementation of youth programmes is done to harness the potential of young people to enable them to play a meaningful role in society.

The health and safety unit ensure a sustainable and health environment by providing effective vector control, monitoring water quality, ensuring that the statutory requirements controlling occupational health and environmental health services are enforced minimising risks in the

work place and community. Monitor food handling premises/processes according to Regulation 364 of the Foodstuffs, Cosmetic and Disinfectant Act.

Budget and monitoring of performance against predetermined objectives is being done to ensure effective organisational performance. Effective risk management is done to implement and maintain compliant effective and enterprise risk management.

3.7.1 PERFORMANCE HIGHLIGHTS AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

Ref Org: 20 – Council adopted the Oversight report on 23rd March 2019.
Ref Org: 22 – Two reports from Audit Committee were submitted to EXCO to ensure effectiveness of the committee and Internal Audit Unit.
Ref Org 23 - Water quality monitoring and analysis continues with 245 samples taken and analysed to date, target exceeded due resampling and incidental disease outbreak investigations-typhoid resulted in extra samples being taken.

In terms of the Municipal Manager's Performance Plan - quarterly reports on progress and challenges were submitted to the Office of the Municipal Manager on the enhancement of public participation and emergency relief aid. Five Municipal Managers district intergovernmental forum meetings were held. Target exceeded as one special meeting took place on 13th March 2019.

Four Internal Audit reports were submitted to the Audit Committee and a total of 17 internal audit assignments were conducted. In terms of implementation of the action plan, actual is 48% against the target of 44%.

To ensure effective risk management, four risk registers were updated and five ethics committee meetings were held, one being a special meeting. Monthly updated risk monitoring tools are done and submitted by deadline for all departments.

The 2018/2019 enterprise risk management registers were submitted to EXCO in June 2018 and to heads of departments. The reviewed enterprise risk management framework was submitted to the risk management committee on 19 June 2019 and two risk management workshops were held by end June 2019. The anti-fraud and corruption strategy and policy was reviewed and approved by EXCO in June 2019.

The Organisational Performance Management Framework was reviewed and approved by Council on 29 May 2019. The 2017 /2018 Annual Performance Report was completed and submitted to the Auditor - General by the stipulated deadline of 31 August 2018.

The annual external performance appraisal for the 2017/2018 financial year was conducted. Most departments have been reporting on time on performance management with portfolio of evidence by the stipulated deadlines as well as resolving queries. Quarterly performance reviews are conducted between the Mayor and Municipal Manager and the Municipal Manager and Senior Managers.

Forty two mayoral slots was conducted against a target of 40, the target was exceeded due to the strengthening relationship with the media that is always willing to support the municipality. External and internal newsletters were prepared, 3 external and 6 internal.

Quarterly reports have been prepared on the status of the press releases, 100% of all adverts requested by departments were done and the turnaround time for media queries received and responded to were done with the target of 36 hours. Hosting of municipal events and mayoral public meetings are on track with 49 events, this also includes Council meetings open to the public held in local municipalities and 36 IDP/Budget meetings were held.

Percentages of incidents/disasters responded to within 48 hours is at 94%, a total of 27 awareness campaigns were held and two requested were also held, 18 capacity building programmes were conducted. The district disaster management advisory forums are held on a quarterly basis. The district disaster management plan was reviewed by deadline, all inputs have been consolidated from stakeholders and this included the Climate Change impacts and the risk maps that have been generated by the iLembe Geographic Information Systems unit. Quarterly workshops were held to rollout the Disaster Management Volunteers strategy/Framework.

The World Aids day event was held on 1st December 2018 and the District concept document was developed on 13 November 2018. Four District Aids Council meetings were held and quarterly reports were prepared and submitted to the office of the Premier. Thirty-five HIV/Aids awareness campaigns were held. The target was exceeded as the Child Protection awareness campaigns were conducted during Child Protection month where 20 schools were visited in the District.

Five heritage events were held by deadline. Council approved the iLembe District Municipality Annual report on the 31 January 2019. The implementation of the youth plan is on track with 8 programmes implemented, 14 984 youths benefitting from these programmes and 100% requested held, due to partnerships with stakeholders in terms of budget assisted programmes have conducted more as well as good participation of stakeholders. Nine sports events were participated in and hosted.

The health and safety unit is on track with targets, in terms of vector control 433 sites were serviced within budget and there were no vector borne cases investigated. Target was exceeded in terms of site visits due to the increased number of complaints and request for sampling private and schools boreholes. All unsatisfactory samples were reported to relevant authority.

Municipal health services is at 100% with all food handling license applications received and processed within 14 working days, all building plans scrutinised within 8 working days in terms of health regulations and all funeral undertakers applications are processed in terms of regulation. Number of premises inspected to reduce food borne illness is at 918, target exceeded due incidental food related investigations such as fake food and listeriosis and food poisoning outbreak resulted to increased number of inspections and follow ups. All food borne illnesses reported were investigated. A total of 83 health awareness campaigns were held, target exceeded due to an outbreak of rabies and food poisoning cases necessitated the extra campaigns.

The community services department and the Entity are submitting performance reports with portfolio of evidence by deadline on a monthly basis as well as conducting quarterly performance reviews.

To ensure effectiveness of intergovernmental relations, the corporate services department attended nine sub - forums.

The entity multi-year strategic plan with clear measurable targets has been reviewed and approved by the board in February 2019. A total of 14 board and sub-committee meetings were held to ensure effectiveness of the Board and two reports were prepared by the Audit Committee and submitted to the Board and the District by deadline.

3.7.2 CHALLENGES AND MEASURES TAKEN TO IMPROVE PERFORMANCE AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

CHALLENGES	MEASURES TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURES
Ref Org 21 - 3 Mayors Forum meetings were held against a target of 3. The meeting for quarter 4 was disturbed by the election period.	The meeting will take place in the first quarter of the new financial year.
Ref OMM 18 – The Internal Audit plan was developed and presented to the Audit Committee for approval in November 2018, whereas the target was 30 September 2018.	Audit Committee 1st ordinary meeting for 2018/19 was held on 23 November 2018.
Ref OMM 20 (a) – the internal audit assessment was conducted late due to capacity being a challenge. (b) The action plan was reviewed late.	(a) & (b) The internal audit assessment and action plan was submitted to the Audit committee in November 2018.
Ref OMM 28 (a) & (b) – 78% of the business continuity plan was achieved against a target of 100% and the testing of the plan was not conducted.	(a) Training for members to be done in the first quarter of 2019/20. b) Testing of the Business Continuity plan, to be done in fourth quarter of 2019/20.
Ref COM 03 – The communication strategy was reviewed but not submitted to EXCO/Council	
Ref COM 04 – The implementation of Language policy is at 78% against a target of 100%.	Various units submitted adverts close to the deadline of the local newspapers as a results it was practically impossible to translate the adverts in time for publishing.
Ref COM 05 - The media engagement strategy was reviewed but not submitted to EXCO/Council	The strategy is to be reviewed and adopted timeously.
Ref COM 06 – Communication and media liaison capacitation workshop not done	The expected support from COGTA and GCIS was not forthcoming due to financial constraints. Capacity to train will be sought from the sector departments and local municipalities to facilitate.
Ref COM 15 – LAC meetings held was only 4 against a target of 11	The sitting of LACs is controlled by locals and it's beyond the District. The challenges will be discussed the LTT chairpersons to improve the situation.
Ref COM 17 (a) The gender plan was reviewed but not yet adopted by Council	

Ref COM 18 – OSS – only 13 interventions hosted in LMS against a target of 16 and 1 quarterly report was prepared	No reason for variance and corrective measure provided.
Ref COM 19 – 11 DTT meetings took place against a target of 12	The last meeting could not be held in June 2019 due to the protest action.
Ref COM 25 – The youth strategy was not developed and adopted by Council. Due to budget constraints, we were unable to develop strategy.	This will be done in next financial year as it is budgeted for.
Ref EI039 – Audit committee report submitted to the Board and the District – One report received.	Only received evidence for 1 that is report to the Board of Directors, dated 5 December 2018.

3.8 KEY AREAS TO NOTE

3.8.1 IMPROVING PERFORMANCE

In order to improve performance, the iLembe District Municipality, throughout the performance management phases, will analyse the causal and contributory reasons for poor performance, through coaching sessions from top to lower levels of the administration and appropriate response strategies will be developed. These will include, inter alia:

- Restructuring as a possible solution for an inappropriate structure;
- Process and systems improvement strategies to remedy poor systems and processes;
- Training and sourcing additional capacity where skills and capacity shortages are identified;
- Change management and diversity management education programmes to address organisational culture;
- Review of the IDP where Councillors will address shortcomings in the strategy;
- Development of appropriate departmental business plans and operational plans to guide performance in each department; and
- Where results show no chance of improvement through internal measures, alternative service delivery mechanisms are considered.

3.8.2 DETERIORATING PERFORMANCE

Poor performance in municipalities is often characterised by disclaimers and adverse opinions from the Auditor - General and community protests for inadequate service delivery. The worst measure that is taken for worst performing municipalities is the Section 139 intervention by the MEC for Local Government in the province.

The effective implementation of the performance framework and the different roles and responsibilities that will be played by different stakeholders will serve as an early warning mechanism for the iLembe District Municipality to keep ahead of performance and to effect corrective measures timeously in any of the weak functional areas identified by the performance management system.

3.9 PERFORMANCE OF SERVICE PROVIDERS

All service providers performance is monitored and reviewed on a monthly and quarterly basis, however as defined in the Systems Act Section 76 the service providers performing the core functions of the Municipality are rated below in table.

Performance Analysis and rating criteria:-

PERFORMANCE WEIGHTING		
1	POOR	Performance did not meet most contractual requirements and contains serious problem(s) for which correction actions were ineffective.
2	SATISFACTORY	Performance did not meet some contractual requirements, contractors actions appear only marginally effective or were not fully implemented.
3	GOOD	Contractual performance of contractor contains some minor problems for which corrective action taken by the contractor appear or were satisfactory
4	VERY GOOD	Performs meets contractual requirements some minor problems for which corrective action taken by the contractor were effective
5	EXCELLENT	Performance meets contractual requirements with few minor problems for which corrective actions by contractor were highly effective.

The performance ratings of service providers performing the core function of the municipality are as follows:

SERVICE PROVIDER PERFORMANCE REPORT															
2017/2018 ANNUAL PERFORMANCE RATINGS									2018/2019 ANNUAL PERFORMANCE RATINGS						
COMPANY NAME	EXCELLENT (5)	VERY GOOD (4)	GOOD (3)	SATISFACTORY (2)	POOR (1)	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT (5)	VERY GOOD (4)	GOOD (3)	SATISFACTORY (2)	POOR (1)	NOT ENGAGED	NO REPORT SUBMITTED
TECHNICAL SERVICES															
UMGENI WATER			√								√				
GLEDHOW SUGAR							√				√				
SEMBCORP SIZA WATER							√			√					

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 2)

3.10 PROVISION OF BASIC SERVICE SERVICES IN THE 2018/19 FINANCIAL YEAR

THE OBJECTIVE OF THE TECHNICAL SERVICES DEPARTMENT IS:

- To provide sustainable infrastructure that will render water and sanitation services to cover the entire area of iLembe District Municipality;
- To eradicate the backlogs and cater for future demands within iLembe District Municipality;
- To ensure the quality of drinking water in the region is improved to meet the standards for safe drinking water as per SANS.

(a) MAJOR CAPITAL PROJECTS UNDERTAKEN

This section is an account on the major Capital Projects that were undertaken by the District in all the Four (4) Local Municipalities that fall within its jurisdiction. The account is presented per Local Municipality and schemes with that Municipality.

(b) DISTRICT WIDE WATER CONSERVATION AND DEMAND MANAGEMENT

The iLembe District Municipality embarked on a serious drive to deal with the reduction of unaccounted for water through the implementation of a water conservation and demand management project. This project is aimed at replacing all the old infrastructure that is leaking and often breaks thus causing service interruptions. The project will also install pressure reducing valves to minimize the pressures in the system in order to reduce leaks.

This project is implemented throughout the municipal area where challenges of old infrastructure as well as high water losses are experienced. The KwaDukuza CBD has been completed and the project will now be implemented in Ndwedwe and Maphumulo areas. The program will be rolled out throughout the district municipality and is funded through the Water Services Infrastructure Grant from the Department of Water and Sanitation.

3.10.1 WATER

(c) MANDENI LOCAL MUNICIPALITY

(i) Ndulinde Sub-Regional Water Supply Scheme

The Ndulinde Sub-Regional Water Supply Scheme fall within wards 5, 6 and 11 of Mandeni Local Municipality. The scheme is intended to provide portable water supply to the community

that is currently being served through boreholes that are equipped with hand pumps and some springs that are within the area.

The source of water is from reservoir C that is fed from the Sundumbili Water Works, which is situated on the northern banks of the Thukela River. The scheme will serve a total of 42,752 people residing in some 10,691 households. The scheme is estimated to cost R 270,197,305 and is implemented in phases until 2019/20 financial year when it will be fully commissioned.

The current dispensing method is the communal standpipe system, however the scheme has been redesigned to be upgraded from communal standpipes to yard connections. This is done so as to provide the communities residing in Ndulinde with a higher level of service other than the communal standpipes. The implementation of the project has been delayed by a non-performance by service providers who threaten to go to court if their contracts are terminated. The project has since been brought back on track and is on the Implementation Stage.

(ii) **Macambini Sub-Regional Water Supply Scheme**

The Macambini Sub-Regional Water Supply Scheme fall within wards 1, 2, 3, 8 and 9 of Mandeni Local Municipality. The scheme is intended to provide portable water supply at a basic level of service to the community that is currently being served through boreholes that are equipped with hand pumps and some springs that are within the area. The scheme will also augment the current supply from the Mlalazi Water Scheme that is under UThungulu District Municipality who act as a bulk water provider to iLembe DM.

During dry seasons, UThungulu DM is unable to meet iLembe DM's demand and this often results in shortage of water to the community of Macambini. The source of water is the Sundumbili Water Works, which is situated on the northern banks of the Thukela River that is upgraded from 27M/l/d to 40M/l/d in order to increase the capacity of water works.

The scheme will serve a total of 58,480 people residing in some 7,310 households. The scheme was estimated to cost R 101,726,581.00 and was intended to be implemented in phases until 2017/2018 financial year when it would be fully commissioned.

The Macambini project was scheduled to start in 2007 but was put on hold due to the RUWAAD / Dubai Development that was proposed by the Provincial government. This led to a delay in the start of the project from 2007 to 2013 and has resulted in the increase in the estimated cost of construction due to escalation of prices over the 5 years. The revised

construction cost is now R 616,572,540.31 and it incorporates a revised scope that involves upgrading of bulk water mains and pump station from the Sundumbili Water Works, converting from communal standpipes to individual yard connection and supplying bulk water connections to other housing developments that are en route the bulk pipeline in the areas of Sundumbili Township and Mandeni Town. The revised completion date is now 2020/2021.

(d) KWADUKUZA LOCAL MUNICIPALITY

(i) Lower Thukela Regional Bulk Water Scheme

The Lower Thukela Regional Bulk Water Scheme is intended to serve the area of KwaDukuza with portable water supply. The demand for water on the coastal area of KwaDukuza has increased and the current supply from the Umdloti and Umvoti river systems are insufficient to meet the projected water demand.

The project is implemented jointly by iLembe District Municipality and Umgeni Water and will cater for the:

- current demand,
- future private developments of commercial, industrial and residential nature,
- low cost housing developments,
- rural areas currently served as stand-alone schemes, and
- Rural area that is currently un-served.

The scheme is expected to serve the following:

- 64,239 bulk connections to commercial and private units,
- 28,567 low cost housing units,
- augmentation of bulk to 3,349 rural households, and
- bulk and reticulation to 3,083 rural households without services.

The scheme is expected to cost a total of R 1,283,580,681.00 and is implemented in phases, subject to availability of funding. The primary bulks have been commissioned by Umgeni Water and the iLembe District Municipality has also completed and commissioned five (5) off takes that are now getting water to the communities. The implementation of further off take lines is ongoing and is likely to be completed during 2020/2021, on condition that the Department of Water and Sanitation continues with funding the project.

(e) NDWEDWE LOCAL MUNICIPALITY

(i) Umshwathi (Wartburg) Water Pipeline.

The iLembe District Municipality has since partnered with Umgeni Water to construct a bulk pipeline from the Midmar Dam that will bring water through Umgungundlovu DM and Umshwathi Local Municipality areas to ILembe District Municipality. The scheme will cover ward 4, 5, & 6 in Ozwathini - Phambela, Mlamula and Nodwengu areas under Ndwedwe Local Municipality.

The pipeline implementation started 2016/17 and consist of three phases with the last phase being implemented during 2018/2019 and are currently being commissioned. The bulk command reservoir has been built at Nondabula linking to the existing reticulation networks that exist in the area.

(ii) Nsuze Water Scheme

iLembe District Municipality resolved to construct a weir, as an interim measure, at Nsuze River to supply ward 2, 4, 5, 6, 8 in Ozwathini / Phambela under Ndwedwe Local Municipality, whilst awaiting for the Phase 5 of Mshwati Water Scheme to be completed in 2021/2022. The upgrades have been done on the scheme to produce 2Ml/day from 1Ml/day.

(iii) Kwa Chili Shangase Pipeline

The area of KwaChili/Shangase has a reticulation network but has a challenge with bulk water supply.

The Department of Water and Sanitation approved the funding on condition that the water losses that are in the Ndwedwe system had to be fixed in order to save water that will be transferred to KwaChili/Shangase. Department of Water and Sanitation has approved funding of R163million for 2018/19 and 2019/20 financial year for the municipality to implement mains replacement project to address the issues of water losses.

A detailed design is being undertaken for long term solution of the KwaChili/Shangase which will receiving from Umshwati (Wartburg Reservoir) in 2021/22 financial year.

(f) MAPHUMULO LOCAL MUNICIPALITY

(i) Imvotshane Regional Water Scheme

The Mvotshane Dam phase 1 is commissioned and Umgeni is currently investigating Hlimbithwa as an alternative solution for future augmentation as part of the

Maphumulo/KwaDukuza Sub Regional Water Scheme. The scheme is co-funded by iLembe District Municipality and Umgeni Water wherein Umgeni Water will focus on the implementation of the bulk system (including the dam) and iLembe District Municipality is focusing on the reticulation networks up to the standpipes / yard connections.

The scheme will cover wards 4, 7, 8, 9, 10 and 11 of Maphumulo Local Municipality and ward 1, 2, 3, 4 and 7 of Ndwedwe Local Municipality. The full extent of the scheme stretches from Maphumulo, Ndwedwe to KwaDukuza ward 27.

The scheme will serve a total of 77,900 people residing in some 17,084 households. The scheme is estimated to cost R 339,870,403.00 of which R 131,982,216.00 is iLembe District Municipality funds and R 207,888,187.00 will be funded by Umgeni Water. The first phase of the scheme of (6ML) was commissioned during the 2012/2013 financial year and the second phase of (3ML) has been commissioned by 2018/2019 financial year to make (9ML). The last phase of (3ML) is at 60% design anticipated to be completed in 2023/24.

(ii) Maphumulo/ Kwa Dukuza Sub-Regional Water Scheme

The Maphumulo/ KwaDukuza Sub-Regional Water Supply Scheme falls within Maphumulo Local Municipality, this is an extension of the Ngcebo/KwaDukuza Water Supply system and will provide wards 4, 8, 9 and 11 with portable water supply to a basic level of service.

Balcome / Kwa Sizabantu Sub-Regional Water Scheme

The Balcome/ KwaSizabantu Sub-Regional Water Supply Scheme falls within Maphumulo Local Municipality, this is an extension of the Ngcebo/KwaDukuza Water Supply system and will provide wards 3, 5 and 6 with portable water supply to a basic level of service.

As at 30 June 2019 the scheme was 100% complete and some of the completed zones were as follows:

- Bulk Supply phase one
- Bulk supply phase 2
- Zone A
- Zone B
- Zone C
- Zoned E
- Zone F
- Zone G
- Zone D

- Zone I & J

The Water Supply Scheme will serve approximately 3,532 households (28,256 people) in Balcom and Kwa Sizabantu areas. The scheme also makes provision for the adjacent Magongo area in Ward 3. The scheme is estimated to cost R168, 242, 758 and was implemented in phases until 2017/2018 financial year and will be fully funded by iLembe District Municipality.

3.10.2 SANITATION

(a) KWADUKUZA WATER BORNE SEWER PROJECT

The primary objective of this project is to provide a bulk sanitation system to service the growing needs of Groutville development areas which, besides Groutville, serves the areas of Thembeni, Njekane, Ethafeni, Chief Albert Luthuli Land Reform, Nyundwini and proposed Lloyds / Chris Hani Ntshawini Region and all located within KwaDukuza local Municipality. On completion, this scheme will serve a total of 129 000 citizens.

This project is jointly being implemented by KwaDukuza Local Municipality, ILembe District Municipality, COGTA KZN, KZN Department of Human Settlements and the KZN Department of Water and Sanitation. The total cost of this staged project is R 254 million.

(i) Southern Regional Bulk Water And Sanitation

The municipality undertook to implement the Southern Regional Bulk Water and Sanitation Scheme (SRBWSS) in July of 2017. The purpose of the project is to provide bulk water and sanitation to the areas of Etete, Palm Lakes, Shayamoya, Nkobongo, Shakaskraal and Shakashead.

In 2014, iLembe District Municipality submitted a business plan to the Department of Water and Sanitation requesting funding for the project. Only a partial sum of R89.7m of the requested budget was approved by DWS to implement the first phase of Southern Bulk Water and Sanitation Scheme. The total cost for phase 1 is R85 841 458.48. The remaining amount of R3 870 541.52 is being utilised for the preliminary design of Phase 2 and the business plan for the balance of the phases.

The table below show projects that were planned and implemented during the 2018-2019 financial year:-

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Project Name	Area	Category	Status	Budget	No. of beneficiaries	Wards	Estimated completion
Old Infrastructure Replacement/Upgrade	District Wide	Water	Implementation	R 600 000 000	no new served	District wide	2022
Water Conservation/Water Demand Management	District Wide	Water	Implementation	R 150 000 000	no new served	District wide	2022
Lower Thukela Bulk Water Supply Scheme	KwaDukuza	Water	Implementation	R 1 400 000 000	99 238	1,2,3,5,9,11,12,13,15, 17,21,28	2022
Ndulinde Water Supply Scheme	Mandeni	Water	Implementation	R 270 197 305	7 213	6 & 11	2021
Macambini Water Supply Scheme	Mandeni	Water	Implementation	R 600 000 000	13 850	1,2,3,5,7,8,9,12&15	2020
Inyoni Bulk Water	Mandeni	Water	Implementation	R 49 500 000	3 050	10	2019
Ngcebo/KwaDukuza Water Supply Scheme	Maphumulo	Water	Implementation	R 131 982 216	16 723	7,8,9	2020
Balcome/KwaSizabantu Water Supply Scheme	Maphumulo	Water	Implementation	R 143 973 488	3 945	5 &6	2018
Ntunjambili Water Supply Scheme	Maphumulo	Water	Planning	R 90 000 000		1	2020
Ozwathini / Phambela Water Supply (Nondabula Emergency Water Project)	Maphumulo	Water	Detailed Design	R 31 078 364	1 420	9	2019
Nsuze Water Supply Upgrade	Ndwedwe	Water	Operational	R 4 000 000	6 000	2,5 & 6	2019
Swayimane, Msilili, Ndaka and Hoqweni Community Water Supply Scheme (Wosiyane)	Ndwedwe	Water	Planning	R 39 159 125	3 295	16,17, & 18	2020
Schools Sanitation	District Wide	Sanitation	Planning	R 45 000 000	44	District wide	2020
Groutville D Sanitation Scheme	KwaDukuza	Sanitation	Implementation	R 188 000 000	8 900	9,11	2020
Driefontein Housing Bulk Sewer	KwaDukuza	Sanitation	Planning	R 122 000 000	1 500	21	2019
Southern Regional Bulk water and Sanitation	KwaDukuza	Sanitation	Implementation	R 189 000 000	7 557	7,8 & 23	2022
Darnal WWTW Upgrade and Reticulation	KwaDukuza	Sanitation	Pre- Tender	R 44 355 000	2 372	2	2019
KwaDukuza Regional Wastewater Works	KwaDukuza	Sanitation	Inception	R 129 960 000	25 000	15	2025
Inyoni Bulk Sewer	Mandeni	Sanitation	Implementation	R 9 367 000	3 050	10	2019
Sundumbili WWTW Upgrade	Mandeni	Sanitation	Planning	R 322 000 000	19 952	10	2025
Mandeni Area - VIP Toilets	Mandeni	Sanitation	Implementation	R 82 657 000	10 826		2020
Mandafarm Waterborne Sewer	Mandeni	Sanitation	Planning	R 35 000 000	1 000	7	2019
Maphumulo Area - VIP Toilets	Maphumulo	Sanitation	Implementation	R 204 074 000	23 216		2020
Ndwedwe Area - VIP Toilets	Ndwedwe	Sanitation	Implementation	R 146 996 000	12 267		2020
RRAMS	District Wide	Roads	Planning	R 7 190 000		District wide	2020

(ii) A REFLECTION ON THE PERFOMANCE OF THE MUNICIPALITY IN THE DELIVERY OF WATER AND SANITATION

TOP LEVEL SUMMARY OF 2018/19 HOUSEHOLD (hh) BENEFICIARIES			
	TOTAL NUMBER TARGETED	ACTUAL NUMBER CONNECTED	PERCENTAGE ACHIEVEMENT AGAINST TARGET
WATER	1099	1604	146% %
SANITATION	1800	1361	76 %

(iii) FINANCIALS ON CAPITAL PROJECTS

GRANT DESCRIPTION	2018/19 UNSPENT /APPROVED ROLLED OVERS	2018/19 GRANT ALLOCATION	2018/19 SPENT AGAINST ALLOCATION	UNSPENT BALANCE AS @ 30 JUNE 2019
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	188,503	188 503 000	0
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG - LTBWSS)	(14 579 853)	75,446	66,544	(22,301)
WATER SERVICES OPERATING GRANT (SUNDUMBILI WWTW)	0	2,271	2,271	0
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	0	100,500	49 175 401	(51 324 599)
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	0	1,731	1,731	0

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The table below reflects some of the major projects implemented in 2018/19 and expenditure:

PROJECTS	TOTAL BUDGET	ADJUSTED BUDGET	Quarter 4 Target	Quarter 4 Actual	% SPENT TO DATE
WATER					
Ngcebo /KwaDukuza Water Supply	R 4,608,785	R 19,691,332	R 19,691,332	R 20,064,586	101%
Lower Tugela Bulk Water Supply	R 88, 845,000	R 65,969,075	R 65,969,075	R 65,544,000	99%
Ozwathini/Phambela Water Supply (Ndwedwe Ward 4)	R 11,667,826	R 22,273,818	R 22, 273,818	R 21,936,922	98%
Macambini Water Supply Phase 2	R 42,192,258	R 42,192,258	R 42,192,258	R 28,826,016	68%
Balcome/KwaSizabantu Water Supply (Maphumulo Wards 5 & 6)	R -	R 1,478,261	R 1,478,261	R 466,274	31%
Ntunjambili water supply scheme	R -	R 2,024,448	R 2,024,448	R 2,024,448	100%
Ndulinde Water Supply Scheme (Mandeni Ward 6 and 11)	R 9,036,089	R 11,304,348	R 11,304,348	R 5,607,745	50%
Wosiyane Extension - Water Supply	R 237,678.00	R 4,347,826	R 4,347,826	R 237,678	6%
Total	**R 156,587,636**	**R 169,281,366**	**R 169,281,366**	**R 144,707,669**	69%

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SANITATION									
Ndwedwe	R	8,695,652	R	6,695,651	R	6,695,651	R	10,033,683	149%
Mandeni	R	8,695,652	R	8,771,930	R	5,000,000	R	4,653,627	93%
(Maqumbi) Maphumulo	R	8,695,652	R	6,695,651	R	6,695,651	R	6,175,425	92%
Groutville Waterborne Sanitation	R	28,695,652	R	35,700,100	R	35,700,100	R	33,021,768	92%
Mandafarm Waterborne Sewer - at Mandeni	R	4,347,826	R	-	R	-	R	-	0%
Darnall WWW Upgrade	R	2,608,696	R	215,940	R	215,940	R	195,358	90%
Driefontein Water Borne Sewer	R	1,739,130	R	249,548	R	249,548	R	249,548	100%
Mdlebeni Water Borne Sewer	R	869,565	R	-	R	-	R	-	0%
Sundumbili WWTW Upgrade	R	2,608,696	R	800,000	R	800,000	R	1,027,315	128%
KwaDukuza Regional WWW	R	2,608,696	R	1,000,000	R	1,000,000	R	410,300	41%
Total	**R**	**65,217,391**	**R**	**56,356,890**	**R**	**56,356,890**	**R**	**37,968,287**	78,6%

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(c) WATER QUALITY

Water and wastewater (blue and green drop systems respectively) audits have not been conducted by the Department of Water and Sanitation (DWS) the last few years. The last audits were conducted in 2012.

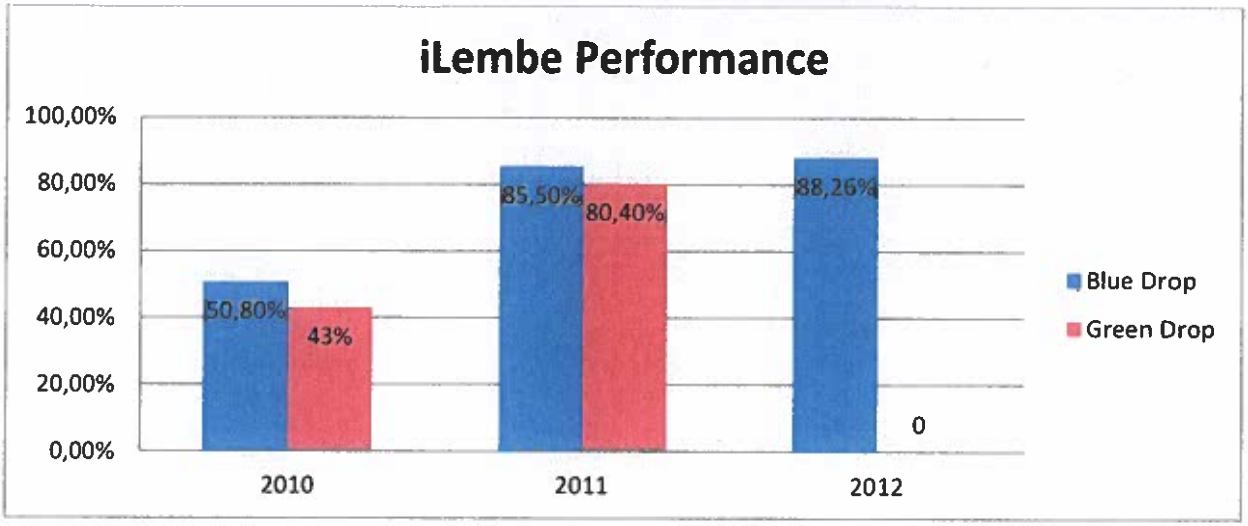
However, iLembe District Municipality (IDM) water Quality department has been submitting the water quality data to the blue drop system and wastewater quality data to the green drop systems since this period. In the last two years or so, IDM has seen the commissioning of the Lower Tugela Water supply scheme (serving mainly Kwadukuza Local municipality) as well as the Mvotshane water supply scheme (serving Maphumulo Local municipality) and this that has seen an improvement in the water supply both in terms of water quantity and quality.

There are still challenges in terms of water quantity supply to the Maphumulo area and a package plant was recently added by Umgeni Water (UW) to increase the water supply to Maphumulo .The challenge of quantity still remains though. Water tankers as well as rejuvenating of some boreholes has also assisted in improving the water supply.

Wastewater quality continues to pose a challenge for the District .There are ten (10) wastewater works within the District that IDM monitors and many of them require attention. These range from operational to mechanical and electrical refurbishment.

However, IDM is in the planning stages of relocating the Kwadukuza wastewater works as well as upgrading the Sundumbili waste water works. These 2 works are the largest within IDM and the changes indicated will improve the wastewater landscape within the district.
Plans are also underway to upgrade the Darnall waste water works as well as converting the Gledhow wastewater works into a pump station which will relieve pressure to the receiving streams and rivers.

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(c) ILEMBE DM BLUE DROP PERFORMANCE

(i) As at June 2014, 24% of the population still did not have access to clean water and obtained water from rivers and streams. This poses a health risk with further implications regarding the provision of social services.

(ii) The urban areas have proper water borne sanitation systems, but rural areas rely on pit latrines or no system at all. This places tremendous strain on the environment and poses a health risk.

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(d) Backlog Spreadsheet for 2018/19)

(i) WATER

Local Municipality	Population	Households	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	Percentage of hh served to date
Mandeni	147,808	45,678	20,741	20,665	19,747	19,613	19,613	19,613	
KwaDukuza	276,719	91,284	6,613	6,253	6,253	6,253	6,253	6,253	
Ndwedwe	143,117	33,883	4,419	4,419	4,419	4,419	4,419	3,919	
Maphumulo	89,969	20,524	8,079	7,160	5,614	1,664	1,063	(41)	
	657,613	191,369							
HH without access to Water			39,852	38,497	36,033	31,949	31,348	29,785	15.56%
Achievements per year			1,103	1,355	2,464	4,084	601	1,604	
HH served			151,517	152,872	155,336	159,420	160,021	161,625	84.46%

Calculation for water backlog:		
Backlog for 2017/2018	16.38%	(31 348/191 369)
Backlog for 2018/2019	15.56%	(29 785/191 369)
% decrease in backlog as at end of June 2019	0.82%	(1 604/191 369)

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(ii) SANITATION

Local Municipality	Population	Households	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	Percentage of hh served to date
Mandeni	147,808	45,678	3,786	2,919	1,892	1,571	799	638	
KwaDukuza	276,719	91,284	12,311	12,311	12,311	12,311	12,311	12,150	
Ndwedwe	143,117	33,883	7,995	6,805	5,053	4,741	3,947	3,347	
Maphumulo	89,969	20,524	15,769	14,579	13,182	12,922	12,150	11,550	
	657,613	191,369							
HH without access to sanitation			39,861	36,614	32,438	31,545	29,207	27,685	14.47%
Achievements per year			4,270	3,247	4,176	893	2,338	1,522	
HH served			151,508	154,755	158,931	159,824	162,162	163,684	85.53%

Calculation for sanitation backlog:

Backlog for 2017/2018	15.26%	(29 207/191 369)
Backlog for 2018/2019	14.47%	(27 685/191 369)
% decrease in backlog as at end of June 2019	0.79%	(1 522/191 369)

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3.11 LOCAL ECONOMIC DEVELOPMENT

Enterprise iLembe (EI) is the Economic Development Agency of iLembe District Municipality that is managed by the district through a service level agreement. The agency is responsible for *Trade & Investment Promotion* and *Local Economic Development* for the region within the following key sectors:

(a) Agriculture

This sector is characterized by two main distinct types:

- ✓ Commercial agriculture, such as sugar cane farming along the coastal strip ; and
- ✓ Subsistence agriculture in the rural hinterland and inland areas.

(b) Manufacturing

This sector is mainly characterized by the following types of industries:

- ✓ Primary sector comprises of heavy industries, such as sugar and paper mill production in the Isithebe Industrial Estate in Mandeni
- ✓ Secondary sector activities include light industries that are prevalent throughout the district and with a focus on the rural areas of the district as well as along the coastal belt.

(c) Tourism

iLembe is one of the prime domestic tourism attractions in South Africa due to is favourable climate and its excellent beaches. This sector has consistently grown in iLembe and offers a variety of tourism facilities that can be categorized into cultural and heritage tourism, beach tourism, and nature-based and adventure tourism.

(d) Commerce and Services

This sector includes the following sub sectors and is found in all the main urban centres throughout the district with specific reference to the towns of KwaDukuza and Ballito:

- ✓ Wholesale / retail trade Transport / storage Communication Financial / insurance
- ✓ Real estate/Business / Community / social / government services

Economic Development Agencies seek to combine community led action with a business approach, and aim to bring about social economic, environmental, regeneration and renewal within communities.

The Global Economic recession and slowdown in business activity is now being felt within the SA economy and is clearly evident in the Business Confidence Index for (BCI) iLembe District

Municipality where an all-time low was recorded at 45.5 index points during the latter part of 2016.

As the global economic circumstances and the difficult business climate continued to prevail, the challenge of addressing the high unemployment rate and the intensity of poverty in the district became more pressing. Enterprise iLembe has continued to play critical role within the District in addressing the triple challenges of poverty, unemployment, and inequality through the implementation of various programs and projects during the year under review.

3.12 COMMUNITY SERVICES

3.12.1 YOUTH, SPORTS, ARTS & RECREATION AND CULTURE

(a) Sports And Recreation

Indigenous Games District Selections held at KwaMaphumulo on July 2018, and there were no challenges reported.

- Newcastle Championship Dance Competition that was held in July 2018 and the municipal bus was used to transport iLembe District dancers.
- District Dance Competition that was held in Mandeni during July 2018, this is annual event whereby all KZN district dancers were competing with each other. The municipal bus was used to transport our district dancers.
- Coca Cola tournament was held in July 2018 at King Zwelithini Stadium in Durban, where New Guilderland Combined School under 15 team was assisted through the provision of iLembe bus which was originally requested.
- Indigenous Games Provincial Tournament was held in Newcastle between the 10th and the 12th of August 2018. District transport and attire was also provided for 130 participants, with an amount of R128 824.25 also spent by iLembe District for additional support. iLembe team ultimately obtained the 09th position during the tournament.
- Netball Male Team of 18 players was also supported by the municipal bus for their tournament that was held in Hoypark during the month of October 2018.
- iLembe Cricket team attended the cricket match in Crawford (in North Coast) during the month of October 2018, where the municipal bus was also used to transport them.
- Cricket T20 semi finals match that was scheduled for 21 October 2018, with the municipal bus also used to transport team members.
- iLembe dance team of 22 dancers was assisted with municipal bus to attend their provincial competition during the month of November 2018.

- iLembe Golf Team of 18 players was assisted with municipal bus to attend their game in Pietermaritzburg in relation to SALGA Games preparations for December 2018.
- iLembe District Municipality hosted Provincial Disability Games on the 9 – 11 November 2018, where the District provided team iLembe with tracksuits and the municipal bus..
- The District participated during 2018 SALGA KZN DSR Games, with a total number of 240 athletes. The tournament was held between the 6th and the 10th of December 2018 in Pietermaritzburg. Procurement of accommodation, apparel and four buses with an amount of R1 485 536 .74 was also utilized by the District.
- iLembe Cricket team of 18 players was assisted with municipal bus to attend their game in Durban during the month of January 2019.

(b) Heritage And Cultural Programmes

Indoni Camp was held between the 01st and 06th of July 2018 in Pietermaritzburg. Delegation of our young girls was part of the camp where teachings of respect and restoration of good moral values were done. iLembe District bus was utilized to support them.

- Mazibuye choral music requested the municipal bus to attend the Ndwedwe 13th Annual 2018 SATMA Awards prayer that was held at Ndwedwe area, with iLembe bus utilized during the event.
- iLembe District Municipality attended Umkhosi Womhlanga at a eNyokeni Royal Palace in KwaNongoma between the 7th and the 9th of September 2018. As a municipality we were expected to provide 4 buses for maidens and accommodation for officials and councilors, and the total amount spent for the event was R152 124.
- iLembe District Municipality transported Amabutho from iLembe to Umkhosi weLembe which was held at Moses Mabhida Stadium on the 7th of November 2018.
- The Mazibuye Choral Music Group of 22 young people requested to be transported by iLembe bus during the month of November 2018.
- Indoni National Competition was held on the 15th of December 2018 at Durban ICC. iLembe was made proud by Thabisile Mthethwa who got position the first position of 2018 Miss Indoni, with the young lady coming from Mandeni.

(c) Other Youth Empowerment And Development Programmes

MONTH	ACTIVITY	TARGET
July 2018	Career Expo	300 Matric Learners
August 2018	None	None

Sept. 2018	Master Class Theatre Workshop	40 young people were targeted and the programme was in partnership with KZN DAC
Oct. 2018	Maskandi Final Competition Talent Search	6 groups of Maskandi boys
Nov. 2018	Plumbers Learner ships	8 young people were given the opportunity in plumbing with a stipend of R3000 per month
Dec. 2018	None	None
Jan. 2019	iLembe Back to School Programme	240 learners across the district benefited from the program with school uniforms, school shoes and small grocer
Feb. 2019	None	None
March 2019	None	None
April 2019	iLembe District Career Exhibition	iLembe District Matric learners (four municipalities)
May 2019	Child Protection Campaign	iLembe District learners (four municipalities)
June 2019	None	None

3.12.2 DISASTER RISK MANAGEMENT

(a) Status Of The District Disaster Management Centre

iLembe District has a functional District Disaster Management Centre (DDMC) which is established in terms of Disaster Management Act No. 57 of 2002. The various institutional measures have been established to ensure compliance with disaster management legislation and policies with the Head of the Centre appointed. The District Disaster Management Centre has been constituted with the objective to promote an integrated and coordinated system of Disaster Management, with a special emphasis on prevention and mitigation. The establishment of the District Disaster Management Centre also aims to respond rapidly and effectively to all disasters including implementation of post-disaster recovery and rehabilitation within the District and its family of municipalities. The District Disaster Management Centre building for iLembe was completed in 2015 and is situated at No 12 Haysom Road, KwaDukuza.

(b) Municipal Disaster Management Inter-Departmental Committee And Political Committees

The District has the responsibility of establishing effective institutional arrangements for the development and approval of integrated disaster risk management matters. To achieve this, the District has established an Economic Development and Planning, Health and Safety Portfolio Committee, which is an internal portfolio committee that deals with matters relating to Disasters and Disaster Risk Management in the District. The committee is chaired by the District Deputy Mayor and is fully functional. It meets regularly on a monthly basis or as and when it is necessary. The District has also established the Management Committee (MANCO), this is a senior management committees which meets every two weeks where issues pertaining to disaster management are being discussed on an ongoing basis.

(c) District Disaster Risk Management Practitioners Forum

iLembe District Disaster Risk Management Practitioners forum has been established and comprises of all four (04) Local Municipalities. The main objective of having practitioners meetings (that are held on monthly basis) is to share some of the common challenges, whilst learning from each other's best disaster management practices. During the period under review , the District conducted a total number of eleven (11) Disaster Management Practitioners meetings.

(d) Municipal Disaster Management Advisory Forum (DMAF)

The District Disaster Management Advisory Forum (DDMAF) is a fundamental disaster management IGR structure that gives platform for interaction between all relevant role-players and stakeholders responsible for disaster risk management. The DDMAF is functional, with a reasonable attendance by relevant stakeholders; however there is still an absence of a large number of stakeholders who could contribute significantly. The District Disaster Management Advisory Forum is a body in which all role players consult one another and coordinate their actions on matters relating to disaster management within iLembe District and meets on quarterly basis or as and when necessary. A total of four (4) District Disaster Management Meetings were held during 2018/19 financial year.

(e) Status Of Disaster Management Capacity At ILembe District

iLembe District has established a fully functional District Disaster Management Centre (DDMC), with the Head of the Centre appointed, including disaster management

personnel to support the Centre. Currently, at a district level there is one (1) Senior Disaster Risk Reduction Officer and two (2) Disaster Management Officers. All vacant positions have been prioritized accordingly, with plans underway to fill other positions in line with strict austerity measures of the municipality. To ensure effective implementation of the Disaster Management Act, the District has also allocated physical and financial resources to make sure that there is an effective smooth running of the Disaster Management Centre.

(f) STATUS OF ILEMBE DISTRICT PLANS

1. District Disaster Management Framework

In compliance with the Section 42 of the Disaster Management Act, which compels each district municipality to establish and implement a disaster management Framework that is aimed at ensuring an integrated and uniform approach to disaster management, iLembe District Disaster Management Policy Framework was developed in 2008, and was consistent to both Provincial and National Disaster Management Frameworks. The District Disaster Management Policy Framework is based on the nationally accepted four key performance areas (KPA) each of which is underpinned by three "enablers" that facilitate a consistent approach to the function. The District completed a process of reviewing its Disaster Risk Management Policy Framework during the 2016/17 financial year.

2. District Disaster Management Plan

The Disaster Management Plan is crucial for the District since the Municipal Systems Act No. 32 of 2000 requires all municipalities to undertake an integrated development planning process to produce currently relevant Integrated Development Plans (IDPs). The applicable Disaster Management Plan is a core component of the IDP as stipulated by Section 26 (g) of the Municipal Systems Act No. 32 of 2000. Furthermore, Section 53 (2) (a) of Disaster Management Act stipulates that a disaster management plan for a municipal area must form an integral part of the municipal IDP. To achieve this, iLembe District developed its Disaster Management Plan in 2009 which was approved by the Council. The District also reviewed its Disaster Management Plan over a period of three years (2014-2017), and this culminated in the adoption of the reviewed disaster management plan in June 2017. During 2018/19 financial year, the District also reviewed its Disaster Management Plan through incorporating the requirements of the Disaster Management Act No 16 of 2015. One of the key considerations during the

review process included incorporation of the Climate Change Impacts, which was a process which was implemented in consultation with various disaster management stakeholders and role players. This process culminated in the development of Risk Maps which were internally generated by iLembe GIS Unit.

To date, all four Local Municipalities have since developed their Disaster Management Plans that have been adopted by their respective Councils. The District has taken an approach to assist all four local municipalities to review their disaster management plans in house, with the process already initiated at Ndwedwe Local Municipality.

(g) State Of Readiness To Deal With Disasters

iLembe District is prone to a number of natural and menmade hazards such as heavy rain, lightning, strong winds, fires and hail resulting in devastating effects to both human life and property. The District Disaster Management Centre (DDMC) remains to act as a source and conduit for information on disasters and impending disasters within the District as required by Enabler 1 of the National Disaster Management Framework. To properly understand the spatial and geographical orientation of hazards, all disaster management practitioners continue to capture, monitor and analyze minor and major incidents on an ongoing basis. As and when incidents are reported, the District Disaster Management Practitioners are able to assist local municipalities to ensure that there is prompt response, with damage assessments undertaken to determine the extent of damages and assistance required by the affected municipalities.

The District Disaster Management Centre is one of the beneficiaries of the Early Warning System, with Weather Warnings received from the South African Weather Service (SAWS). All disaster management practitioners have a responsibility to disseminate early warnings to vulnerable communities, with some of the key recipients including Ward Councillors, Amakhosi, Izinduna etc. As required by the Disaster Management Act No 57 of 2002, the District prepares Summer and Winter Season Contingency Plans before the beginning of each season. The District Disaster Management Centre also ensures that all four local municipalities (Mandeni, KwaDukuza, Maphumulo and Ndwedwe) also prepare their Contingency Plans that are unique to their respective municipalities.

(h)Financial Capabilities To Deal With Disasters

During 2018/19 financial year, the District Disaster Management Centre budgeted for the following Disaster Risk Reduction Programmes:

ITEM	BUDGET (2018/19)
1. Emergency Relief Aid (Blankets, Food Parcels and Plastic Sheeting)	R 378 242.00
2. Emergency Relief Aid (Temporary Shelter)	R 221 604.00
3. Community Awareness Campaigns	R 136 167.00
4. Capacity Building Programmes	R 50 433.00
5. Review Of The District Disaster Management Plan	R 378 242.00
6. Installation Of Lightning Conductors	R300 000.00

It is important to mention that the District Disaster Management Centre achieved 100% of all the set targets as set out in the SDBIP (doing more with less), through implementing strict fiscal discipline by adhering to the austerity measures that are set out by iLembe District Municipality. The Provincial Disaster Management Centre also assisted the district by proving additional blankets, plastic sheeting and Box B relief (which includes gel stoves, pots and cutlery sets).

(i) STATUS AND RESULTS OF DISASTER RISK ASSESSMENTS UNDERTAKEN

1. List Of Priority Risks (Hazards)

iLembe District Municipality is prone to a number of natural and men-made hazards such as (veld fires and structural fires), heavy rain, lightning, strong wind, drought, road and railway accidents etc. In complying with the requirements of the Disaster Management Act No. 57 of 2002, it is important to conduct the Risk Analysis in order to identify and prioritize potential hazards and threats that are likely to occur within the District. The vulnerability of communities within the District varies, which mainly depends on socio-economic status as well as the exposure of particular households or communities to specific hazards. Below is a list of priority hazards in all four local municipalities, with spatio-temporal characteristics of these hazards well known since they have been observed and recorded over a period of time:

Table 8: Priority hazards identified at iLembe District Municipality.

HAZARDS	LOCATION
1. Severe weather:	
a. Lightning	In all Four Local Municipalities
b. Strong winds	In all Four Local Municipalities
c. Hail	In all Four Local Municipalities
d. Heavy rain	In all Four Local Municipalities
e. Extremly hot temperatures	In all Four Local Municipalities
f. Storm surges	Along the Coast
2. Fires (Structural and Veld Fires)	In all Four Local Municipalities
3. Drought	In all Four Local Municipalities
4. Accidents (Motor Vehicle Accidents)	Mostly on N2, R74, P711, R102 and P459
5. illegal Connection of Electricity	In all Four Local Municipalities

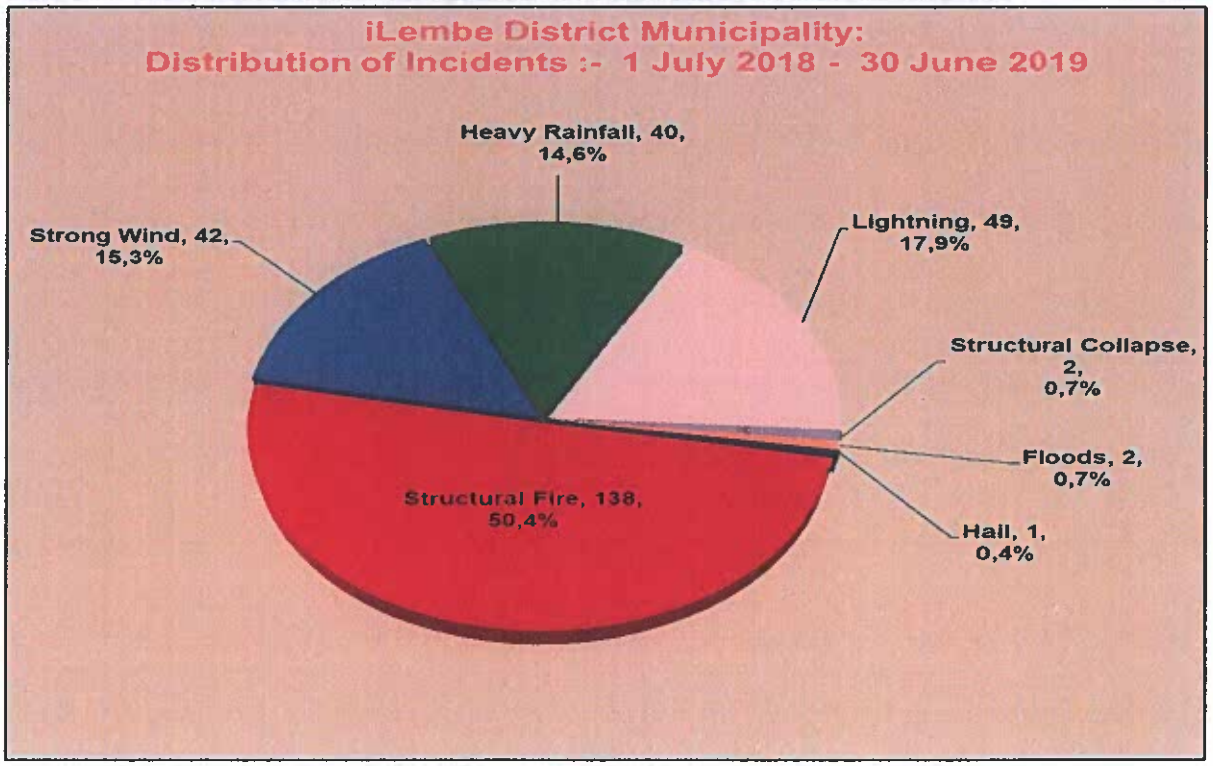
2. INCIDENT STATISTICS

(a) Incidents Reported During 2018/2019 Financial Year

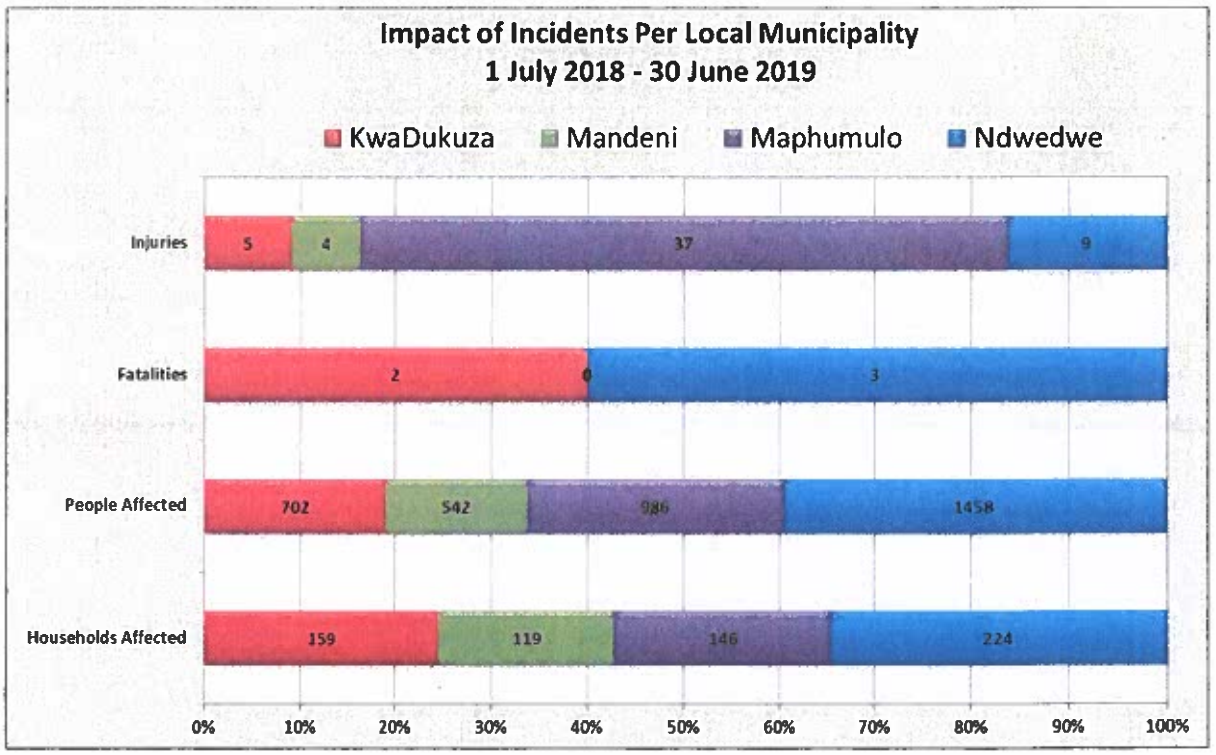
MUNICIPALITY	CAUSE OF AN INCIDENT							TOTAL
	Structural Fire	Heavy Rain	Strong Wind	Lightning	Structural Collapse	Hail	Floods	
KwaDukuza	66	14	16	7	1	0	2	**106**
Mandeni	26	9	10	8	1	0	0	**54**
Maphumulo	14	4	3	26	0	0	0	**47**
Ndwedwe	32	13	13	8	0	1	0	**67**
iLembe District	**138**	**40**	**42**	**49**	**2**	**1**	**2**	**274**

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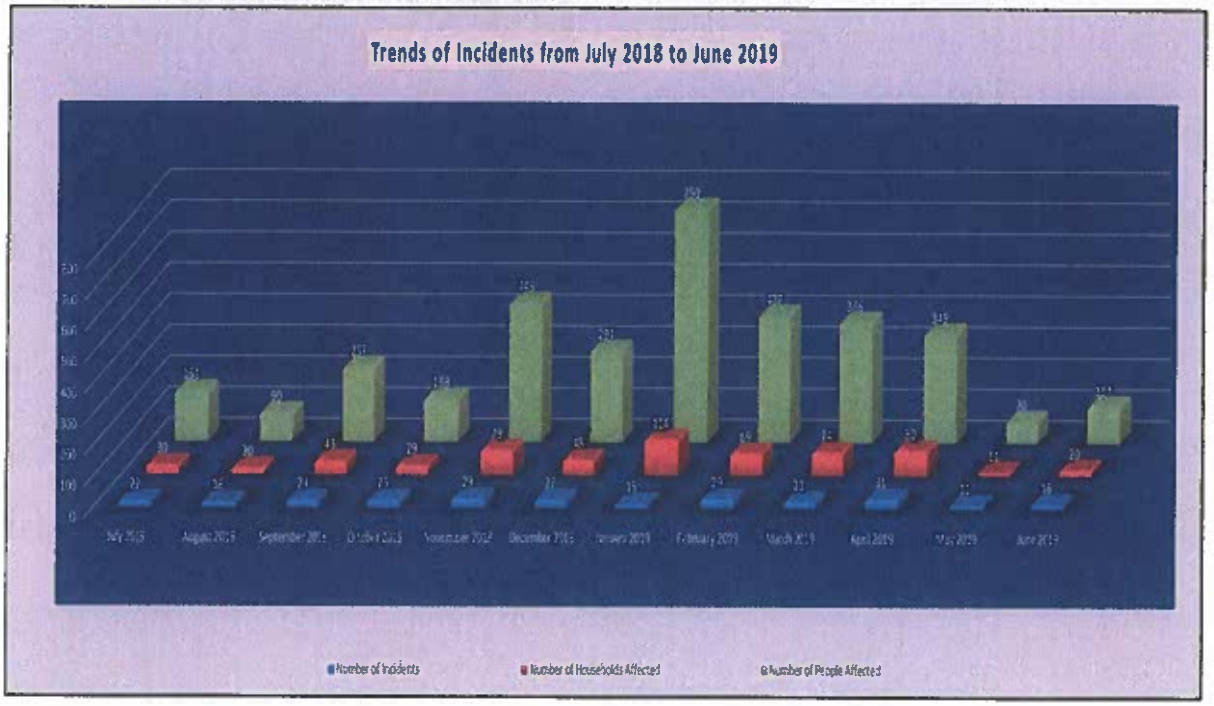
3. DITRICT DISTRIBUTION OF INCIDENT FOR 2018/2019 FINANCIAL YEAR



4. IMPACT OF INCIDENTS DURING 2018/2019 FINANCIAL YEAR



5. TREND OF INCIDENTS DURING 2018/2019 FINANCIAL YEAR (IMPACT TO HOUSEHOLDS AND PEOPLE)



(j) Community Awareness Campaigns

iLembe District is prone to a number of natural and man-made hazards that have a huge impact on both human life and the environment, and often requires the intervention of the Disaster Management Centre's as they are always unpredictable. It is in this view that the District has adopted a strategy of increasing awareness about the risks that are prevalent within the District and its family of municipalities. The community awareness programme has been developed in line with the provisions of the Disaster Management Act No. 57 of 2002, the Provincial Disaster Management Framework of 2010 and the National Disaster Management Framework of 2005. It is important to mention that all awareness campaigns that are conducted are unique to specific audiences, and this in mainly dependent on the nature of their vulnerability to certain risks and hazards.

All awareness campaigns conducted are also in line with Enabler 2 of both the National and Provincial Disaster Management Frameworks, whilst they remain a critical component of disaster risk reduction. Other considerations that are key during ongoing community awareness campaigns also include some of the best world practices including Millennium Development Goals and the Sendai Framework for Disaster Risk

Reduction. The District has also adopted a strategy to conduct ongoing community awareness campaigns in partnership and in collaboration with a number of disaster management stakeholders. Some of the critical stakeholders include local municipalities, sector departments, traditional leaders, media, Councillors, Ward Committees etc. It is also important to mention that ongoing community awareness campaigns are conducted to assist local communities to exercise risk avoidance behaviour, whilst taking necessary precautionary measures at all times. The District Disaster Management Centre has also adopted a strategy to conduct ongoing awareness campaigns in an integrated manner, through utilising some of the existing municipal public participation programme. The District Disaster Management Centre exceeded its targets as set out in the municipal SDBIP as it conducted twenty eight (28) planned community awareness campaigns during 2018/19 financial year.

(k) Capacity Building Programmes

The capacity building programme is one of the approaches taken by iLembe District to comply with the provisions of the Disaster Management Act No. 57 of 2002, including both the Provincial and National Disaster Management Frameworks. Such training programmes are crucial in increasing the numbers and competencies of disaster management practitioners, as well as increasing the overall humanitarian skills and knowledge of local disaster management stakeholders and communities. iLembe District has adopted the approach of working together with different stakeholders in order to assist disaster prone communities to develop the knowledge and necessary capacities towards the implementation of disaster risk reduction programmes.

The developed capacity building programme is also aimed at promoting the culture of risk avoidance among stakeholders through integrated disaster risk management education and training. All capacity building programmes are also critical towards achieving the requirements of Enabler 2 of the National Disaster Risk Management Framework. The District conducted at total number of seventeen (17) planned capacity building programmes during 2018/19 financial year.

(l) Best Practices / Achievements / Successes

There are various best practices that are implemented by the District Disaster Management Centre. Below are some of the disaster management best practices that were undertaken by the District:

- The District has partnered with the Provincial Disaster Management Centre (PDMC) in encouraging vulnerable communities to buy lightning conductors.
- The District has also encouraged all local municipalities to budget for disaster management, including budget for disaster risk reduction programmes such as the installation of lightning conductors.
- To date, Maphumulo Local Municipality in partnership with PDMC and the District has installed a total number of two hundred and five (205) lightning conductors to vulnerable communities, with forty (40) installed at Ndwedwe Local Municipality, fifty eight (58) in KwaDukuza Local Municipality and fifty five (55) at Mandeni Local Municipality.
- Through ongoing capacity building programmes by the District, the Local Municipalities have committed to budget for disaster management, including alignment of the disaster management sector plans into their Integrated Development Plans (IDPs).
- The District has initiated the process of incorporating issues that are mentioned in the Disaster Management Amendment Act 16 of 2015 as part of reviewing the District Disaster Management Plan, and this includes Climate Change Impacts.
- In fulfilling the requirements of the Safety at Sports and Recreational Events Act, the District is actively involved in all stages leading to minor and major events, in an effort to ensure safety of communities during such events.
- The District Disaster Management Centre is one of the key stakeholders that are involved in all District Climate Change interventions, especially Climate Change Adaptation.
- In fulfilling the requirements of the Safety at Sports and Recreational Events Act, the District is actively involved in all stages leading to minor and major events, in an effort to ensure safety of communities during such events.

(m) Challenges And Concerns

- Lack of Firefighting capacity within the District and its family of municipalities, especially at Ndwedwe and Maphumulo Local Municipalities
- Poor attendance by the sector departments/other spheres of government poses a risk of not addressing all consultative activities on issues concerning disasters and disaster management in the District.
- The state of readiness is questionable in local municipalities where there are no budget provisions for disaster management. In instances where such budgets

exists, the extent to which they are being utilized for disaster risk reduction must be communicated to all relevant stakeholders.

- In responding to minor and major incidents, there is generally a poor co-ordination (including response time) in the municipalities where there is a limited number of personnel who are employed to deal solely with disaster risk management.

(n) Status Of Fire Services

In line with the Disaster Management Act, Section 54 (3): (a) the municipality have a responsibility for coordination and management of disasters and must deal with a local disaster in terms of existing legislation and contingency arrangements if a local state of disaster has not been declared, (b) in addition to the above section 55(2) deals with instances where a local disaster has been declared. Currently, at iLembe District, only KwaDukuza and Mandeni Local Municipalities have establish mechanisms for firefighting capacity. KwaDukuza is performing the firefighting function in house with two Fire Stations that are located in Ballito and Stanger. Mandeni have outsourced the service to a Service Provider for a period of three years, where there is an expectation of skills transfer once the contract has expired. One of the challenges is that there is no firefighting capacity at Ndwedwe and Maphumulo Local Municipalities. This scenario poses major challenges as there is lack of prompt and effective response to fire incidents at Maphumulo and Ndwedwe Local Municipalities as illustrated in table 5 below.

Municipality	Responsibility	Firefighters	Area km²	Capacity (Equipment)
Mandeni LM	Outsourced To The Service Provider	14 x Fire Fighters, 1 x Chief Fire Officer, Volunteers	545 km²	1 x Medium Fully Equipped Fire Engine 1 x Rapid Response LDV 4x4 Skid Unit
KwaDukuza LM	KwaDukuza LM	Chief Fire Officer (1), Divisional Officer (1), Station Officers (2), Fire Fighters (72)	735 km²	4 Rescue Vehicles 1 Skid Unit 5 Utility Vehicles

Municipality	Responsibility	Firefighters	Area km²	Capacity (Equipment)
Ndwedwe LM	IDM/KDM	Nil	1093 km²	Nil
Maphumulo LM	IDM/KDM	Nil	896 km²	Nil
iLEMBE DISTRICT	**NIL**			

The District has developed a long term plan (aligned to the IDP) to ensure establishment of firefighting capacity, especially at Ndwedwe and Maphumulo Local Municipalities. The District continues to engage other external stakeholders to assist towards the full establishment of fire fighting services within the distrcit, in complying with Section 84 (j) of the Municipal Structures Act.

(o) Climate Change Interventions

Section 24 of the Constitution (Act of 1996) of the Country compels the environmental sector to manage environment such that is does not become harmful to the wellbeing of all South African Citizens. Furthermore, chapter 3 of the Constitution provides for the cooperative governance by compelling the different spheres of government to cooperate and consult with one another to ensure cooperative governance. This constitutional perspective supports the principles of integration, participation and cooperation that are fundamental to working towards sustainable development. In responding to the resolutions of the previous Disaster Management and Climate Change workshop as well as the recent Back to Basics with Disaster Management Workshop, the District has established iLembe Environmental Management Forum (IEMF) to basically, promote coordination and integration of plans and programmes for the benefit of the local people. The main purposes of the iLembe Environmental Management Forum (IEMF) is to facilitate the coordination of environmental management matters and to encourage compliance to the existing legal tools ranging from local, provincial, national and the international context.

3.12.3 SPECIAL PROJECTS

(a) OPERATION SUKUMA SAKHE PROGRAMMES FOR VULNARABLE COMMUNITIES

(i) Programmes For Children

There were ongoing children's programs aligned to the KZN Provincial Calendar. Those programs included Child Protection Awareness where schools identified to have substance abuse challenges were visited throughout the district. Programs targeting ECDs were also implemented like cultural day for ECDs. Back to school campaigns were also held in collaboration with Operation Sukuma Sakhe where needy children were assisted with basic school necessities.

(ii) Programmes For Women

Programmes for women were implemented as per the financial year annual plan. The 16 Days of Activism campaigns fighting abuse of children and women were conducted throughout the district jointly with the SALGA Women's Caucus (SWC). There were skills training programs that capacitated women for job creation and income generation.

(iii) Programmes For Men

During July, programmes targeting men and young boys were held to give boys that are raised by mothers an opportunity to interact with men and have a feel of a father figure on discussions for boys to men. Dialogues that involved Amakhosi and men and social activities were conducted during the Men's month.

(iv) Programmes For Senior Citizens

There is a functional Senior Citizens Forum that work closely with the municipality on matters for the Senior Citizens. An on-going programs that promote healthy living lifestyle of Senior citizens were held and they participated in Golden games to the national level where they participated in games. Programs around the International Day against elderly abuse were held. During the human rights month elderly were taught about their rights and the importance of reporting whatever unsettle them.

(v) Challenges Relating To Gender Programmes And People Living With Disabilities

There are limited challenges pertaining to programmes for people living with a disability because the Forum for people living with a disability work closely with the municipality. The gender annual plan included programs for the sector and they are fully participating on the planned programmes.

(vi) Operation Sukuma Sakhe (OSS) & HIV And Aids Programmes

OSS is functional with challenges and it differs from municipality to municipality, however some of the Health Promotions are done with the with OSS municipal Bakkie to assist with HIV/AIDS activities.

(vii) Operation Sukuma Sakhe (OSS) And HIV/Aids Programmes Implemented During 2018/19 Financial Year

Monthly HIV/AIDS awareness programmes are conducted in all local municipalities, working closely with Department of Health and as per the requests from Wards and Civil Society. Operation Sukuma Sakhe (OSS) planned programmes like School's Functionality, Public Service Volunteer Week (PSVW), 16 Days of Activism Launch against women and children, World AIDS Commemoration for the financial year were conducted with limited budget during the period under review.

(viii) Functionality Of The District Aids Council (DAC'S) And Local Aids Councils (LA'S)

During 2018 / 2019 financial year, the DAC was fully functional, as all Quarterly meetings were held, whereby such a structure was also utilised to adequately prepare for the Provincial Council On Aids quarterly meeting, which is being chaired by the Premier Of Kwa-Zulu Natal. However, during the period under review, challenges were experienced relating to the non-functionality of Local AIDS Councils (LACs). In most instances, the DAC Chairperson (who is the Honourable Mayor Of The District) had to intervene since poor functionality of such structures at a local level had an adverse effect to the District Report which get presented by the District Mayor in the quarterly meetings on Provincial Councils On Aids (PCS's. The District Civil Society remains one of the critical structures within the District and its family of municipalities, as it also provides ongoing support to all LAC's, and this includes mentoring various structures to ensure fully functional Ward Aids Council (WAC's) structures.

(ix) Moral Regeneration And Social Cohesion Programme (MRM)

The district MRM was launched in November 2019 and received warm welcome from the politicians. The Annual plan for MRM was presented to the district and the budget for MRM for 2019 / 2010 financial year was included in the municipal budget.

OVERALL ACHIEVEMENTS

- Improvement of attendance of officials in OSS programmes has been noticed and that has led to the slight increase in the number of functional War Rooms.
- War Rooms have been established in all wards, although there is no consistency in terms of their functionality.
- War Rooms have been established in all wards, with poor functionality also posing a challenge.
- Political leaders have clear understanding on how OSS operate and are championing all war rooms
- Local Municipalities are implementing OSS programmes i.e. HIV/AIDS and poverty alleviation.
- The DTT is functional with annual programmes being implemented in all wards
- Sector Departments are represented at the District Task Team of the OSS.
- Civil Society programmes have been aligned to OSS
- OSS empowerment programmes have been rollout to the community with different life skills.
- Public Service Volunteer Week gets implemented on an annual basis in all local municipalities.

- The District Municipality is striving to ensure that all the war rooms are functional and address the issues affecting the communities.
- MuniMec Resolution that was recently taken towards ensuring that Operation Sukuma Sakhe forms part of the performance agreements of all Section 56/57 Managers.

CHALLENGES

- Budget to implement OSS programmes remain a challenge however services that do not require funding are rendered.
- Some of the War Rooms are dysfunctional due to poor attendance of Sector Departments which leads to the cancellation of scheduled meetings.
- Poor functionality of Local Aids Councils in most local municipalities.
- Late submission and non submission of reports by various officials (including, but not necessarily limited to Sector Departments).
- Poor attendance by Sector Departments in most War Room Meetings.
- Financial constraints in Sector Departments which leads to interventions not being implemented.

- No physical structure for some of the War Rooms.
- Due to the topography and vastness of the wards in some instances does not allow the ward committee members to visit War Rooms.
- Although local communities get profiled, they are generally dissatisfied with poor implementation of identified interventions by relevant Sector Departments. Interventions.
- Lack of dedicated personnel dealing mainly with Operation Sukuma Sakhe, remains one of the major challenges in most of the local municipalities.

3.12.4 MUNICIPAL HEALTH SERVICES

3.12.4.1 BACKGROUND

Municipal Health Unit is charged with the responsibility of providing Environmental Health Services to the community of the District as well as monitoring the health and safety of the District Municipal employees. Municipal Health Services (MHS) as defined under the National Health Act, 2003 (Act No. 61 of 2003) comprise of inter alia, food control, water quality monitoring, waste management, health surveillance of premises, environmental pollution control, communicable disease control, disposal of the dead and vector control. Environmental Health Practitioners are therefore responsible for carrying out measures for protecting public health, including administering and enforcing legislation related to health and providing support to minimize health and safety hazards. Some of activities involved includes inspecting food facilities, investigating public health nuisances, and implementing disease control Measures, conducting work place safety assessments and accident investigation.

During the beginning of the financial year 2018/2019, the unit documented up the annual targets on duties that were to be performed and achieved by the end of the year. The targets were made out of competencies ranging from food control activities, water quality monitoring, communicable disease control, vector control disposal of the dead and pollution control.

Hereunder are some of activities we acted upon which forms major parts of our targets that were the highlights during financial the year

(a) Sale of Fake / Counterfeit and or Expired food stuff incidents.

During the year 2018/19, South Africa and Health fraternity in particular were shaken by foodstuff that surfaced from the social media and described as fake, counterfeit, harmful food colourants and expired foodstuff which lead to various protest incidence.

"Fake eggs being manufactured; fake eggs being cooked; fake plastic rice and fish; fake beef; fake mutton; coke 1,25L with some moving things inside; Fanta grape 1,25L label; Stoney ginger beer no size indicated; Fanta orange 1,25L; twist granadilla 2L; tonic water 1L; Valpre Spring water; Albany brown bread and Blue Band margarine; syrup being sold as honey; baked beans in a tin fish and amasi labelled as inkomzi were some of the scene observed."

Although most these incidence were prevalent in Johannesburg, the whole country was anxious and the iLembe District was not spared. In order to prevent the occurrence of similar incidents /nature in our district, we had to come up with a plan /or strategy to curb the spread. The plan lead to a number act and blitz that were conducted checking all food retailers, tuck shops, supermarkets, wholesalers etc. Operation Fiela Food Blitz as it was called, was carried out in the Mandeni and KwaDukuza area on the (10-11September and 14 September) respectively, as our Environmental Health unit issued several fines and confiscated banned, expired and fake goods.

These inter- departmental Operation Fiela was as a result of a National directive of the National Minister of Health Aaron Motsoaledi, to conduct food blitzes related to concerns of food safety. Blitz were carried out in conjunction with other stakeholders namely (SAPS, Crime Prevention, Town Planning and Building Control Unit. Liquor Authority, building inspectorate, fire and emergency services, Home Affairs (immigration), and business licensing teams).

(b) KwaDukuza Blitz

KwaDukuza blitz was initiated in partnership with Business Licensing Authority to embarked in a raid exercise on the **14/09/2018** to visit food and non-food premises, which is Item 1 as per the Business Act of 1991, Health Act 61 of 2003 and Foodstuffs Cosmetics and Disinfectants Act 54 of 1972 (Regulation 638 and 146).

The operation was aiming at enforcing the Law to businesses that do not comply with particular legislations and issue fines and notices for contraventions of the Law. A total of 15 Business premises were visited in KwaDukuza CBD and Ntshawini area.

(i) The Following findings transpired.

Item	Joint Provincial or Municipal Operations
A coordination structure was activated	Yes
Number of Joint Operations that Environmental Health undertaken	1
Total number of premises reached during the Joint Operation	12
Number of Premises operating without a valid Health Certificate	9
Number of Premises issued with Notices to seize operations	0
Number of Premises found to be Non-Compliant	9
Number of Compliance Notices issued	9

(ii) Report on actions taken

Item/ issue	Quantity		
	Number	Kilograms	Litres
Foodstuff Seized	23	21kg	
Foodstuff Detained			
	Number		
Number of Production Facilities inspected	0		
Number of Implicated products found	0		
Number of health awareness campaigns conducted	9		
Total number of people reached	13		

(c) Mandeni blitz

Similar plan as the KwaDukuza blitz, the Mandeni version was conducted from the 11 -12 September 2018 and attended by various Department and law enforcement agencies. Among those were the KZN Dept. of Economic Development, Tourism and Environmental Affairs, Department of Labour, Business Licensing/LED Mandeni, Fire and Safety, Building Control, Traffic Law Enforcement and Town Planning.

(i) **Findings were**

A coordination structure has been activated	**Yes**
Number of Joint Operations that Environmental Health undertaken	1
Total number of premises reached during the Joint Operation	17
Number of Premises operating without a valid Health Certificate	2
Number of Premises issued with Notices to seize operations	1
Number of Premises found to be Non-Compliant	9
Number of Compliance Notices issued	9

Item/ issue	**Quantity**		
	Number	**Kilograms**	**Litres**
Foodstuff Seized		400kg	55
Foodstuff Detained			
	Number		
Number of Production Facilities inspected	0		
Number of Implicated products found	0		
Number of health awareness campaigns conducted	0		
Total number of people reached	0		

(d) **Mandate**

Environmental Health Services has a legislatively mandated to conduct compliance monitoring and enforcement relating to food safety and related matters. The unit conducts routine inspections of all formal and informal food premises such as supermarkets, convenience stores, coffee shops, bakeries, retail meat markets, food processing plants, food warehouses, restaurants, take-away's, taverns and informal food traders.

Because Foodborne illnesses can be caused by improper food handling practices, inadequate temperature control, poor food storage practices, improper cleaning of equipment and utensils including food labelling and expired foods. The health unit inspections aims to protect public health by working to minimise adverse impacts on human health. This is also accomplished through health inspections, health education and enforcement.

Food premises inspections are conducted up to four times a year, depending on the risk level and complexity of the premises.

(e) Listeriosis Outbreak

Listeriosis was also another highpoint of the year where a number of people were stunned. The District saw a number of cases being prevalent reported and followed up.
Cases came from areas such as Lindelani in KwaDukuza, Dark City and Endulinde in Mandeni. These then required that our officers investigate each and every case that was reported and conduct inspections and awareness campaign to alert communities on the disease, mode of transmission and prevention measures.

All food retailers, supermarket, wholesaler, factories (food processing plants being audited: KwaSizabantu dairy farm and Boxer processed meats plant), and tuck shops had to be inspected and the implicated food stuff such as polonies, Vienna's, etc. from suspected factories were removed and destroyed at an approved land fill site. Environmental health Samples were also taken to laboratory for analysis. Result were shared with the affected parties.

Schools, churches, and other community venues were some of the areas that were visited to make sure that people were made aware of this disease and are well acquainted with adequate measures and information to prevent the spread by avoiding those infected food products and returning those that were already purchased to the retailers obtain from. Detailed reports had to be forwarded to council and also to the National Department of Health to facilitate monitoring and surveillances.

(f) Vector Control

The outbreak and spread of communicable diseases by vectors and pests such as malaria, cholera, plague, etc. are prevented by vector control programmes. This is done mainly by controlling their habitats and breeding places. When complaints are reported, an investigation is done; vectors (rodents or mosquitoes, flies and other pests), their habitats or breeding places are identified; and remedial or preventative measures are instituted to eradicate the vectors. 600 breeding site were investigated and exterminated.

(g) Rabies Outbreak

Storming from a number of incidents of dog bites and confirmed positive rabies cases reported in the District, such as the two children that died as a result of this rise in animal rabies i.e.

A three-year-old boy on holiday with his family in Blythedale Beach that passed away following an attack by a feral cat, which followed the first human death in the District that took place in September 2017 involving a six-year-old boy who was bitten by a dog in Ndwedwe (eSdumbini area) Ntabamhlophe and Various other incidences that were reported in areas such as Masomoco in Mandeni, re infected cow/ bovine, Maphumulo (7 infected cows/ bovine) couple with others scattered rabid dog bites incidences within the district .

Our office in conjunction with the department of Agriculture and Rural Development had to intervene by conducting mass vaccination and awareness's campaign in the district order to curb the spread

According to the National Department of Health, the Rabies outbreak in KZN started in King Cetshwayo District in the North Coast and then spread South through iLembe and eThekwini.

Rabies are a fatal viral encephalitis disease transmitted by the bite of an infected animal (>95% from dogs) with virus laden saliva entering the wound and attacking the nerve cells. Once bitten people are advised to wash the wound immediately with soap and place under running water for five to ten minutes. Death is preventable once disinfectant has been applied and follow-up pa

In KZN, dogs and cats are the main source of the disease (>80%) and are required to be vaccinated by law.

(h) Achievements

(i) Air Quality Monitoring

The section strives to reduce air pollution and improve the quality of air by identifying, investigating and monitoring pollution sources, and instituting remedial or preventative measures. The designated Air Quality Officer of the district ensures compliance with the Air Quality Act. The Unit was able to come up with an Air Quality Monitoring station, this was achieved through a good support and working relationship with the KZN Department of Tourism and Environmental affairs (EDTEA) who assisted in installing a Continuous Air Quality Monitoring Station in Ballito at the iLembe Enterprise Offices and at Siqumbe in Mandeni.

The municipality will utilize these legislative tools to license industries and ensure that they comply with the minimum emission standards, ensure facilities are reporting their emissions to the National Atmospheric Emission inventory, conduct health impact studies, and ensure that

the ambient air quality standards and dust control standards are not exceeded by conducting ambient air quality monitoring

The act is in line with efforts to safeguard the constitutional right to an Environment that is not harmful to health and wellbeing. The station would be used to provide the benchmark for air quality management and governance.

(ii) Health Education / Awareness Campaigns

The unit also visited a number of school in a mission conduct awareness so as to impact knowledge to younger people and communities. A total of 80 schools were visited this year. Some of the issues dealt with during school visits includes:

(iii) Personal Hygiene

To promote health and prevent disease and disabilities by developing communities and systematic strategies to improve health knowledge, attitudes, skills and behaviour.

(iv) Water Quality Preservation Awareness

Environmental Health monitors the quality and availability of water intended for human consumption, as well as for recreational, commercial and industrial use.

The EH unit monitors surface water for waterborne diseases such as cholera, typhoid, dysentery, polio and hepatitis through sampling of rivers, streams and sewerage purification plants. Drinking water sources are also monitored for their compliance with the legislated standards.

Ensuring water safety in respect of safe quality (microbiological and chemical), and accessibility to an adequate quantity for domestic use as well as in respect of the quality of water for recreational, industrial, food production and any other human and animal use in order to prevent and eliminate water borne illnesses

(v) Food Safety Awareness

Ensuring that food is handled in a hygienic manner from a point of origin (i.e. during production, storage, processing, distribution and sale). All food should be safe, wholesome and fit for human consumption and should conform to the legislative requirements as they relate to safety, nutrition, quality and labelling (expired, use by and sell by).

(vi) Communicable Disease Control

To prevent the occurrence and/or manifestation of environment-related or communicable diseases. This includes planning and execution of education and hygiene promotion programmes aimed at preventing environmentally induced diseases and related communicable diseases. Healthy lifestyles, personal hygiene as well as a safe and healthy environment are key to the prevention of diseases.

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CHAPTER FOUR: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFOMANCE REPORT PART 2)

4.1 INTRODUCTION AND OBJECTIVES OF THE DEPARTMENT

The Department renders support service to other Business Units of the Municipality in order to effectively deliver services to the community through the following functions:

- Support Services
- Human Resources Management
- Legal services
- Security Services
- ICT

The agenda and programme of the Department of Corporate Services is informed by the following goals and objectives:

a) *To provide professional administrative support to Council and all Departments and their Business Units of the Municipality.*

b) *To provide effective management and maintenance of the Municipality's facilities and fleet.*

c) *To position the Department as a strategic hub for acquiring the best human resources in the form of skills and talent, nurture and harness human development and growth, recognize and acknowledge excellent performance, empathize and support staff, and strive for retention of the workforce.*

d) *To provide professional legal advice to line function Departments.*

e) *To provide an innovative, effective and efficient Information and Communication Technology service that enables the achievement of the Municipality's objectives as set out in the IDP.*

f) *To provide guidance and support to all Departments and their Business Unit with regards the acquisition, deployment and maintenance of electronic systems within the Municipality.*

g) *To provide an effective security service in accordance with the prescribed Acts, By-laws and Regulations.*

4.2 ACHIEVEMENTS AND CHALLENGES

The achievements and challenges of the Department are presented herein according to the outcomes of the Corporate Services Department's own mini strategic plan which recognized all 5 Units, *i.e. HR, ICT, Support Services, Legal, and Security.*

4.2.1 ACHIEVEMENTS

(a) Human Resources:

- Filling of positions particularly the critical senior managers' positions, particularly the *Municipal Manager and Senior Manager: Community Services.*
- The adoption by Council, of the reviewed Municipal Staff Establishment (Organogram)and the prioritization of posts which is done to comply with the austerity measures that are being implemented in the Municipality.
- Maintenance of sound and peaceful Labour Relations.
- Successful review and introduction of Policies which have been done through a participatory process.
- Provision of meaningful and relevant Employee Assistance Programmes which include the organizing of dignified memorial services amongst others.
- Successful training and development of employees and community particularly the unemployed Youth.
- The implementation of Employee Performance Recognition Awards.
- The maintenance of the implementation of the TASK Wage curve remuneration management system.
- The conclusion of the writing of the Job descriptions and submission to the SALGA Job Evaluation Committee.
- The successful maintenance and keeping up with the HR related compliance issues, i.e. *timeous submission of Employment Equity Report, and the Workplace Skills Plan (WSP).*
- The promotion and maintenance of occupational safety through the Safety Committee, Safety Representatives, continuous site inspections, and repetitive training to employees, supervisors, and the Reps.

(b) Information Communication Technology:

(i) Providing savings of R300 000 per month in printing/ copying costs through the implementation of the office automation solution.

(ii) Improving internet bandwidth (speed) from 2mbps to 10mbps while maintaining cost from R18 400 to R18 800 per month.
(iii) Introduction of digital tools of trade (tablets) to improve communication for Councillors and traditional leaders.
(iv) Rapid response in resolving it problems (inclusion of job card system)
(v) Full provision of staff ICT tools of trade to all those who needs them
(vi) Full equipped ICT server room
(vii) Established ICT governance structures (DGITOC – information technology officers council and ICT steering committee)
(viii) Adoption of various ICT policies
(ix) Minimize ICT audit queries which contributed to the municipal clean audit

(c) Support Services:

- Proper management of committees
- Adoption of fleet management policy
- Adoption of Vehicle Subsidy Policy
- Increased the provision of the fleet (e.g. Water Tankers increase from 6 to 15)
- Changed the alignment functions and perception that this Division had the responsibility of rendering only Committee Management function instead of Fleet, Records, Facilities Management
- Improved physical set up of the Records Management System in order to comply with the Archives legislation
- Electronic distribution of agendas for both management and Councilors

(d) Health & Safety (Environmental Health)

- Expansion of environmental health services as result of the devolution of this service from Provincial to Local Government in 2014.
- The appointment of Pollution Officer
- Installation of the Pollution dictation tool at Haysome Road close to Disaster Management Building
- Constantly updated Council (reports to the portfolio committee) on the issues of Environmental Health within the District
- Constant monitoring of water quality and reporting abnormalities timeously.

(e) Legal Services:

- 100% success rate in dealing with objections/appeals against decisions of the Bid Adjudication Committee in their award of tenders.
- Successfully defended all legal actions instituted against the Municipality.
- Introduction of an Incident Register to monitor possible legal claims against the Municipality.
- Dealt with the review of Service Level Agreements signed between the Municipality and Service Providers

4.2.2 CHALLENGES

(a) Human Resources :

(i) Recruitment:

- Uncomfortable staff turnover due to resignations, retirement, and deaths.
- Difficulty in attracting and retaining skilled personnel due to the Task Remuneration system.
- Compliance with the EEP not adequate.
- Slow progress in the conclusion of the Job Evaluation exercise done by the SALGA Committee.

(ii) Training:

- Shortage of Training Venues
- Limited budget for training
- Non-compliance by Staff and Councilors with the skills questionnaire form which affect WSP
- Shortage of vehicles to transport Councilors, staff, and external learners to training venues
- Insufficient training of employees due to financial issues which affected the implementation of the WSP.

(iii) Occupational Health & Safety

- Limited budget to address issues identified through occupational and health risk assessment and safety plan.
- Delay and poor response to report and investigate incidents and accidents.
- Unpalatable working conditions: office space, and conditions of the buildings.
- Occupational risk to employees working in the night shift.

(iv) **Labour Relations:**

- Insufficient strategic engagement sessions outside the LLF between Shop Stewards and Management.
- Historical unending disputes.
- Flimsy disputes that take time and resources to respond to at SALGBC and CCMA.

(v) **EAP**

- Wellness programmes affected by Austerity Measures.
- Insufficient support by Supervisors to EAP employees.
- NJMPF & SALGA dispute on defined contribution vs defined benefit issue.
- Non-registering of beneficiaries by employees.

(vi) **Information Communication Technology:**

- Poor attendance of ICT awareness sessions by departments
- Acquisition of ICT systems by departments without involvement of the ICT unit
- Lack of Management of SLAs for some ICT systems
- Lack of budget for training of ICT staff
- Expired ICT Master System Plan
- Lack of the consolidated ICT municipal systems

(vii) **Support Services:**

- Disregard of the Fleet Management Policy by staff.
- Not conducive office environment
- Lack of accessibility of municipal offices by people that are specially enabled (Lift)
- Lack of Office Space and parking
- Ablution facilities that are over allocated
- Constant breakdown of old air conditioning system
- Lack of fleet mechanical workshop
- Lack commitment by some of cleaning staff
- Financial constrains to conduct renovation particularly satellite offices and Auditorium
- Lack of a proper Council Chamber

(viii) Legal Services:

- Any delay by other departments in alerting the Unit about litigations against the municipality places the municipality at risk; and
- Lack of access to research tools compromises the work of the Unit.
- Lack of staff capacity.

4.3 THE MUNICIPAL PERSONNEL

There has been a focus on building strong Municipal administrative systems and processes. It includes ensuring that administrative positions are filled with competent and committed people whose performance is closely monitored. Targeted and measurable training and capacity building will be provided for Councillors and Municipal Officials so that they are able to deal with the challenges of local governance as well as ensuring that scarce skills are addressed through bursary and training programmes.

The basic requirements to be monitored include:

(a) Ensuring that the top six posts (Municipal Manager, Finance, Technical Services, Corporate Services, and Community Services) are filled by competent and qualified persons.

(b) That the Municipal staff establishment (organogram) is realistic, underpinned by service delivery model, and affordable.

(c) That there are implementable human resources development and management programmes.

(d) There are sustained platforms to engage organised labour to minimise disputes and disruptions.

(e) Maintaining adequate levels of experience and institutional memory.

4.4 THE STAFF STRUCTURE

The amended / reviewed staff establishment of the Municipality was adopted and approved by Council on the 30 May 2017. The amendments / review of the staff establishment was done to make the Municipal Staff Establishment to be aligned with the strategic directive of the new Council's term of office, *i.e. 2016 – 2021.* The amendment / review of the Staff Establishment resulted with the creation of new posts which added to the number of vacant posts in the Municipality. The new posts and the application of the Austerity measures, led to the vacancy rate being above the COGTA expected norm of 12%. The vacancy rate had, since the adoption of the staff on the 30 May 2017, remained at 22% despite the prioritisation of posts.

The review of the IDP and the compilation of the 2018/2019 budget, provided an opportunity to make amendments to the Staff Establishment in order to be presented simultaneously with the IDP and Budget. The review intended to ensure that the Municipality's human resources is aligned with the both the strategic guideline and finances. This is provided for and clearly prescribed in Chapter 2 of the Local Government: Municipal Planning and Performance Management Regulations. Section 2 (1) (a) with the heading: detail of integrated development plan, states the following:

'A municipality's integrated development plan must at least identify, the institutional framework which must include an organogram.

The reviewed staff establishment was presented to the Special Council meeting held on the 28 June 2018, and the following was resolved:

1) *adopt the reviewed Staff establishment according to the prioritized posts in order to ensure alignment with the affordability of the new financial year budget 2018/2019.*
2) *approve the list of the prioritised posts that would be filled in the 2018/2019 financial, in accordance with the budget affordability of the Municipality.*
3) *conduct recruitment in the 2018/2019 financial year according to the prioritized posts, with emphasis on service delivery related posts.*
4) *ensure that the recruitment is compliant and adhere to legislation and Regulations particularly the Employment Equity Plan.*
5) *to subject all Municipal posts to a highly scientific need analysis that would be done by an independent professional institution*

The table summary of the staff establishment of the Municipality as approved by the Special Council on the 28 June 2018 is as follows:

ESTABLISHMENT	NUMBER OF POST	STAFF COMPLEMENT	UNBUDGETED POSTS	SHARED SERVICE	VACANCIES	% VACANT
TOTAL POSTS	732	568	74	3	94	13.3%

Turn-over-Rate			
Details	Total Appointments as of the Beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over-rate (%)
2012/2013	456	44	9.64%
2013/2014	559	35	6.26%
2014/2015	553	3	0.54%
2015/2016	577	15	2.60%
2016/2017	582	43	7.38%
2017/2018	561	29	5.61%
2018/2019	567	28	4.93%

The approved staff establishment indicate that the Municipality has a total of 732 approved posts, 568 posts are filled, 74 posts are frozen, and 94 posts are prioritized as vacant. The vacancy rate has decreased from 23% to 13.3%. The reduced vacancy rate figure is somehow affected by the frequency of terminations which is due to resignations, retirements, and sometimes death.

4.5 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Turn-over-Rate			
Details	Total Appointments as of the Beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over-rate (%)
2011/2012	103	30	29%
2012/2013	110	30	27%
2013/2014	23	32	139%
2014/2015	54	20	37%
2015/2016	16	19	118%
2016/2017	16	34	213%
2017/2018	27	19	70%
2018/2019	12	15	125%

Terminations is deemed fair if is it in line with Section 188 of the Labour Relations Act which state that termination should be based on operational requirements, ill-health, and conduct. The terminations from the Municipality caused a concern from both the Management and organised labour. The monthly report on staff movements includes update information on terminations. The report as cited, also includes a summary of issues raised on exit interviews.

(a) Findings From Exit Interviews

Employees who voluntarily leave employment with IDM, are always encouraged to take part in a confidential exit interview. The interview is held either with a member of the Human Resources Unit, or with their respective superior. Records and figures of the employees leaving, and their reasons are monitored and reported on a monthly basis. A total of 15 employees have voluntary left IDM. Their reasons as collected from the data in their exit interview files, vary and include the following:

1) *leaving IDM voluntarily because of a lack of advancement and a better opportunity in another institution;*
2) *salary improvement (the Task Age Curve seem to be not attractive for retention, particularly to the employees who are Personal-To-Holder);*
3) *commuting problems and family challenges; and*
4) *a minority of employees cited the relationship with their immediate supervisors and lack of challenge in the work performed, as contributing to their decision to leave IDM.*

Overall however, the attitudes of most people leaving IDM were positive towards the Municipality. Issues of a friendly organisational culture, relationships with colleagues, and Managers, work/life balance, and job security were rated highly by the leaving employees.

6.6 MANAGING THE MUNICIPAL WORKFORCE

The policies listed below together with all relevant legislation, the Collective Agreements as agreed upon at the South African Local Government Bargaining Council (SALGBC), and the various Regulations that are provided by COGTA, are used to ensure proper management and governance in the Municipality. The Policies as listed below continuously get reviewed on the continual basis in order to ensure their relevance and compliance with the developments and amendments to legislations and regulations. Both the legislation and Policies are used in the management of the municipal workforce.

Further, the successful delivery of services is dependent on the staff that strictly adhere to the Batho-Pele Principles, and the Back-to-Basics Programme. The strict adherence to legislation, Policies, Batho-Pele Principles, and the Back-to-Basics Programme means that ALL Municipal staff should be competent, professional, impartial, sensitive, compassionate, dedicated, and committed. The achievement of the noble ideal for the successful delivery of services requires that the Municipality's collective actions adhere to the following:

a) the development and maintenance of a sustainable Staff Establishment that is geared and designed for effective and efficient service delivery,
b) the fair recruitment process that is focused on the merit requirements that are consistent with the task to be performed for the improvement of the quality of lives (compliance with relevant legislative framework: EEA etc.),
c) the up-skilling and development of staff that is based on both the individual willingness to improve his/her skills and qualifications, as well as the Municipality that provides a conducive environment for individual, group, and institutional development and growth (budget and training facilities within the available financial means),
d) the up-skilling and development of Councillors that is based on both the individual willingness to improve his/her skills and qualifications, as well as the Municipality that provides a conducive environment in order for the Councillors to be able to progress beyond the political domain,
e) the development and empowerment of the community served by the Municipality through meaningful internships and learnerships that contribute to the skills development of the District, Province and the country at large (Youth given more priority),
f) maintenance of sound and stable labour relations through LLF and quarterly bilateral engagements,
g) the continued support of staff through the EAP activities that promote wellness in order to effectively contribute to service delivery,
h) improving performance for effective service delivery through the cascading of the Performance Measurement System (consideration of the financial impact in the light of the current circumstances),
i) the reinforcement and strengthening of the conducive work environment through adherence and compliance with the legislative framework on Occupational Health & Safety (starting point being the urgent appointment of the OH&S Officer),

j) serious consideration and implementation of the skills attraction and retention approach, system, and mechanism.

4.7 POLICIES

HR Policies and Plans				
No.	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Employment Equity and Affirmative Action	100%	100%	The Municipality Employment Equity Plan addresses Affirmative Action issues.
2	Attraction and Retention	100%	100%	Adopted by Council on the 28 June 2018.
3	Code of Conduct for employees	N/A	N/A	Compliance with Schedule 2 of the MSA, and Annexure A of the SALGBC Collective Agreement
4	Delegations, Authorization & Responsibility	100%	100%	Guided by the legislative framework, and the adopted Municipal Policy
5	Disciplinary Code and Procedures	100%	100%	SALGBC Collective Agreement
6	Essential Services	100%	100%	Adopted by Council on the 28 June 2018.
7	Employee Wellness Programme	100%	N/A	Policy was developed and finalized in June 2015.
9	Exit Management	100%	100%	Covered in the Retention Policy
10	Grievance Procedures	N/A	N/A	Guided by the legislative framework, *i.e. MSA.*
11	HIV/AIDS	100%	N/A	Policy was developed and finalized in June 2015.

12	Human Resource Development Strategy	100%	100%	Adopted by Council on the 28 June 2018.
13	Information Technology	100%	100%	June 2016
14	Job Evaluation	100%	100%	All Job descriptions submitted to the SALGA JE Committee
15	Leave Management	100%	100%	Policy was developed and finalized in June 2015. The aspect of leave encashment has been reviewed 2016/2017.
16	Occupational Health and Safety	100%	100%	Adopted by Council on the 28 June 2018.
17	Official Housing	N/A	N/A	Covered by the SALGBC: Collective Agreement
18	Official Journeys	N/A	N/A	Covered by the Municipal Subsistence and Travel Allowance Policy
19	Official transport to attend Funerals	N/A	N/A	Covered in the Bereavement Policy to be finalized
20	Official Working Hours and Overtime	100%	100%	Guided by the legislative framework, *i.e. LRA and the Municipal Policy.*
21	Organizational Rights	N/A	N/A	Guided by the legislative framework LRA, and the SALGBC: Collective Agreement
22	Payroll Deductions	N/A	N/A	Legislated
23	Organizational Performance Management and Development	100%	100%	Reviewed in the financial year 2016/2017
24	Recruitment, Selection and Appointments	100%		Reviewed in 2016/2017
25	Remuneration Scales and Allowances	N/A	N/A	Decided through the SALGBC: Collective Agreement and COGTA

				Regulations for Councilors, MM, and Snr Managers.
26	Resettlement	N/A	N/A	Covered in the Recruitment and Selection Policy
27	Sexual Harassment	100%	N/A	Work-in-progress
28	Skills Development	100%	100%	Reviewed and adopted annually with the WSP.
29	Smoking	N/A	N/A	Covered in OHS Policy
30	Special Skills	N/A	N/A	Still to be developed
31	Work Organisation	N/A	N/A	Still to be developed
32	Uniforms and Protective Clothing	100%	100%	To be reviewed together with the OH&S Policy.
33	Other:	-	-	-

4.7.1 POLICIES UNDER REVIEW AND BEING INTRODUCED

Policy development, monitoring and assessment is a continuous process that institutions or organisations must undertake periodically. The review of HR policies is one of the key performance areas for Corporate Services as contained in the SDBIP. The HR Division has developed four (4) Draft Policies that have to be reviewed in the current financial year 2018/2019. The review of the Draft Policies will be undertaken to ensure that the Municipality's policies are adapted to reflect changes that are effected by developments in legislation, collective bargaining agreements, and Council's resolutions, as well as the community and the employees' views. The HR Unit has identified the policies to be reviewed and making research so that the first draft Policies be presented to MANCO, LPA, LLF, and Council before being taken out for consultation with all employees.

4.8 LEAVE MANAGEMENT

The leave management within the Municipality is implemented in accordance with the prescripts of the SALGBC: Main Collective Agreement, Leave Management Policy of the Municipality, and applicable legislations. The leave system has the following

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categories: annual leave, sick leave, family responsibility leave, maternity leave, study leave, and special leave.

LEAVE MANAGEMENT					
Details	Annual	Sick leave	Family Res. Leave	Maternity Leave	Special Leave
2017/2018	10388	3913	249	482	106
2018/2019	10994	3634	322	280	57

a) Annual leave

Each employee is entitled to twenty-four (24) days annual. The collective agreement and policy stipulates that employees are compelled to take sixteen (16) leave days and can only retain a maximum of forty eight (48) days as accrued leave. The annual leave is only type of leave that accrues and it has a huge financial impact to the Municipality, if not utilised accordingly. There has been an increase in a number of people who accrue their leave, particularly towards pension or resignation. Follow up letters have been written to the employees to encourage them to take the annual leave in adherence with the Main Collective Agreement and Leave Management Policy.

b) Sick leave

Each employee is entitled to 80 days sick leave in a period of a three year cycle. While the abuse of the sick leave has improved significantly, there is a serious concern regarding employees who have either exhausted or utilized more than (60%) of their sick leave. In simple terms they have less than thirty (30) even zero sick leave balances. Letters have been written to the affected employees advising them regarding their sick leave days balances. Supervisors have been alerted and requested to conduct assessments in respect of these employees as they might require other appropriate interventions, *i.e. employees' assistance programs and assessment for potential medical boarding.*

c) Family responsibility

The family responsibility leave is guided by the Collective Agreement. An employee is entitled to a non-accumulative 5 days annually.

d) Maternity leave

Female employees are entitled to receive three (3) months paid maternity leave per confinement, with no limit to the number of confinements, provided

that an employee has one (1) year service with the Municipality. Whilst doing leave audit, it was found that some employees do not apply for maternity leave, four (4) weeks prior of taking such leave, in terms Section 25 (2) (b) of Basic Conditions Employment Act 75 of 1997 as amended. The matter was addressed accordingly after it had been brought to the attention by an Internal Auditor's query. The Policy will be reviewed to improve control mechanism.

e) **Special leave**

Special leave on full pay is granted to an employee In accordance with the SALGBC Collective Agreement of the KZN Division, and Leave Management Policy. The special leave is done under the following instances:

i. Court appearances by employee as witness;
ii. Study purposes;
iii. National and provincial sports representation.
iv. The application for this leave must be accompanied by documentation that supports the application.
v. The leave is limited to a maximum of 10 days per annual cycle.

The study leave is the most prevalent leave under special leave, since more Municipal employees have joined the Municipal Assisted Education Scheme in terms of applicable policy. Employees are given 2 days leave to prepare and write exams.

4.9 OCCUPATIONAL HEALTH AND SAFETY INCLUDING INJURIES

The Municipality has always maintained a remarkable low record of fatalities and/or serious injuries on duty. The EAP roadshows, appointment of professional OH&S Officer, and the election of Occupational Health and Safety Representatives in each Department has also significantly contributed to the wellbeing of employees of the Municipality and a low level of injuries.

The Occupational Health and Safety function which was initially under the Environmental Unit, was relocated to the Human Resources Unit. The incumbent who performed the duties thereof then, was transferred to the position laterally to the then existing vacant position of Senior Pollution Control Officer. This rearrangement effectively made the position of Officer: Occupational Health and Safety vacant. The

recruitment processes for the position ensued and the suitable candidate resumed duties on the 15 May 2017. The first directive to the appointed Officer: Occupational Health and Safety was that of providing a clear analysis of the Municipality's in relation to situation occupational health and safety.

The Officer: Occupational Health and Safety (accompanied by a colleague), makes regular visits to the workplaces of the Municipality in order to provide an informed situational analysis. The workplace site visits involves a brief discussion with some employees and Supervisors at depots, and also a meeting with the Health and Safety Representatives, and representatives of trade unions. The visits also briefly went to some remote plant workplaces, and also some areas where there is construction in order to assess the plant and perimeter, construction work and interview the employees and operators.

4.10 DISCIPLINE, AND SUSPENSIONS

The conclusion and signing of the Disciplinary Procedure Collective Agreement at the SALGBC, has brought adequate regulation and management of discipline within the Local Government sector. IDM complies with Collective Agreement in the application of discipline, and strictly adhere to the principles of natural justice. A total of thirty four cases have been undertaken in the Municipality and their status is presented in the table below:

NATURE OF CHARGES	SANCTION / STATUS	NUMBER OF EMPLOYEES
Gross Misconduct	Acquitted	2
Gross Misconduct	Warning	3
Gross Misconduct	Final warning	14
Gross Misconduct	Suspended	1
Gross Misconduct	Dismissal	3
Gross Misconduct	Ongoing cases	11

4.11 CAPACITATING THE MUNICIPAL WORKFORCE

(a) WORKFORCE CAPACITY DEVELOPMENT

The Municipality remain committed to the development of internal and external capacity by providing various skills development intervention aimed at improving the performance of individual employees, Councillors and providing skills to unemployed

youth within the district. The HRD Committee, ensures that the Workplace Skills Plan (WSP) which is aligned to the Municipality's strategic objectives, is developed annually in line with the Skills Development Act and Local Government Sector Education and Training Authority (LGSETA) guidelines. Funding to implement learning programmes is provided by the Municipality or sourced from the LGSETA.

The Workplace Skills Plan focused on the following learning programmes:

LEARNING PROGRAMMES	NUMBER OF BENEFICIARIES
Water Wastewater Treatment	12
Occupational Health and Safety	19
Project Management	03
Various formal studies	23
Councillor Development	26
Supervisory Skills Programme	07
COMPUTER LITERACY	16

4.12 LABOUR RELATIONS

The basic HR/labour responsibilities that the Municipality must deal with relate to ensuring the balance between management and employees, dealing with disputes, and maintaining good relations with the Trade Unions. All the issues as listed were perform adequately, save that there were issues of serious concern that almost crippled the Municipality. The issues relate to the following: working conditions, disputes, conduct and behaviour, engagements, and distressing/saddening personal matters relating to individual employees.

4.13 IGR: CORPORATE SERVICES FORUM

The IGR Corporate Services Forum came into being during 2016/2017 financial year. The Forum consist of all the Directors of Corporate Services and the HR Managers from the family of Municipalities under IDM. The Forum meet consistently and submit its work and reports to the Municipal Managers Forum who in turn endorse and/or elevate issues raised by the IGR Corporate Services Forum. The forum has among other things, succeeded to ensure that Municipalities share and empower one another on issues relating to Policies, Job Evaluation, compliance with all relevant legislation and Regulations, particularly relating to HR, and above all strategies to maintain workplace peace in Municipalities within the District.

4.14 MANAGING WORKFORCE EXPENDITURE

Total Employees costs for the financial year under review amounted to R134 335 596 million against the budget of R90.7m. This represents 99% spending on salaries budget. The variance is attributed to savings amongst others. Overall, the employee costs represent 27% of total operational expenditure which is well within the 35% threshold as per National Treasury guidelines.

4.14.1 WORKFORCE EXPENDITURE

(a) REMUNERATION PACKAGES OF THE MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER

The Municipality complies with the Government Gazette No 41173 of 10 October 2017: Notice 1092 as issued by National Minister of COGTA, i.e. *Local Government Remuneration Framework for the Remuneration Packages Payable to Municipal Managers and Managers directly accountable to Municipal Managers.* The current total remuneration package of the Municipal Manager and the Managers reporting to the Municipal Manager is therefore structured as follows:

Designation of senior manager	Actual remuneration	
	Total salary package in terms of 2017 Notice	Total salary package in terms of 2017 Notice
MUNICIPAL MANAGER	R1 071 375.00	R1 071 375.00, R1 245 786.00, R1 420 196.00
SENIOR MANAGER: TECHNICAL SERVICES	R1 2 78241	R884 770.00, R1 022 855.00, R1 160 941.00
SENIOR MANAGER: COMMUNITY SERVICES	R884 770.00	R884 770.00, R1 022 855.00, R1 160 941.00
CHIEF FINANCIAL OFFICER	R1 022 855.00	R884 770.00, R1 022 855.00, R1 160 941.00
SENIOR MANAGER: CORPORATE SERVICES	R1 232 157	R884 770.00, R1 022 855.00, R1 160 941.00

CHAPTER 5: FINANCIAL HEALTH OVERVIEW

5.1 INTRODUCTION

The purpose of this report is to provide information that would be useful to users of the annual financial statements for accountability and decision making purposes by enabling them to gain an insight into the operations of the iLembe District Municipality from the perspective of the municipality. It also provides the opportunity to reflect on the municipality's interpretation of significant items, transactions and events affecting the financial position, financial performance and cash flows of the municipality. Therefore, this financial statement discussion and analysis complements the information in the 2018/19 Audited Annual Financial Statements. This financial statement discussion and analysis report is consistent with the 2018/19 Annual Financial Statements and the underlying items, transactions and events, as well as assumptions such as those relating to recognition and measurement. The following is included in this report:

(a) An overview of the iLembe District Municipality's operations and the environment in which it operates;
(b) Information about the iLembe District Municipality's objectives and strategies;
(c) An analysis of the iLembe District Municipality's financial statements including significant changes and trends in its financial position, financial performance and cash flows; and
(d) A description of the iLembe District Municipality's principal risks and uncertainties that affect its financial position, financial performance and cash flows, an explanation of changes in those risks and uncertainties since the last reporting date and its strategies for bearing or mitigating those risks and uncertainties.

5.2 GOVERNANCE: LEGISLATIVE/REGULATORY STRUCTURE AND MANAGEMENT STRUCTURE

The compilation of the Annual Financial Statements is governed by the regulatory requirements that are prescribed by firstly the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP), requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No.3 of 2017) (DoRA). The Accounting Officer ("Municipal Manager") is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and

the requirements of the MFMA and the DoRA, and for such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In terms of the MFMA System of Delegations as adopted by the Municipal Council of the iLembe District Municipality the Chief Financial Officer (CFO) is directly responsible for the preparation and fair presentation of the financial statements and for the internal controls that are necessary to enable the preparation of financial statements that are free from material misstatement. Hence the CFO is required to undertake and manage all relevant work outputs to achieve the final preparations and submission to the Accounting Officer to meet the prescribed time frames.

iLembe District Municipality has established a Budget and Treasury Office (Finance Department) i.e. the office of the Chief Financial Officer in terms of section 80 of the MFMA. The finance department is headed by Mr M Chandulal as Chief Financial Officer. The department is mainly responsible for the overall direction, monitoring and management of the finances of the municipality and for such roles as defined by sections 81 and 79 of the MFMA. The Management Structure of the Budget & Treasury Office for which Chief Financial Officer is the administrative head is documented as follows:

(i) **Budget and Compliance Monitoring**

This unit is headed by Manager Budget & Compliance, Mr. S Chonguene. The unit head is responsible for coordinating the budget preparation, implementation and monitoring processes, internal and external financial reporting and compliance monitoring in terms of sections 68 to 75 of the MFMA. This unit has three (3) sections i.e. Budget and Reporting, Municipal Standard Chart of Accounts Project Office and Annual Financial Statements and compliance monitoring.

(ii) **Revenue Management**

This unit is headed by Manager: Revenue; Mr M Gumede and is delegated the functions and responsibilities for the management of the revenue of the municipality in terms of section 64 of the MFMA. This unit has three (3) sections i.e. Revenue management, Credit control and collections, and Accounts administration and customer care.

(iii) Supply Chain Management

This unit is headed by Manager: Supply Chain Management; Mr N Xulu and is delegated the functions and responsibilities for Supply Chain Management in terms of chapter 11 of the MFMA. This unit has three (3) sections i.e. Demand and Acquisition Management, Contract Management and Logistics Management in terms of regulation 39 of the MFMA SCM regulations.

(iv) Expenditure Management

This unit is headed by Manager: Expenditure; Mr T Shezi and is delegated the functions and responsibilities for expenditure management in terms of sections 65 and 66, Cash management and investments in terms of section 13, municipal debt management in terms of chapter 6 and municipal bank accounts in terms of chapter 3 part 2 of the MFMA.

(v) Assets Management

This unit is headed by Manager: Assets Management; Mr EN Ngcobo and is delegated the functions and responsibilities for asset management in terms of section 63 and capital assets disposal in terms of section 14 of the MFMA.

5.3 iLEMBE DISTRICT MUNICIPALITY'S RELATIONSHIP WITH OTHER ENTITIES THAT COULD AFFECT ITS FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

iLembe District Municipality has the following relationship with the following entities:

- A wholly owned entity with net assets of R20 million – ILembe Management Development Enterprise (Pty) Ltd;
- R30 million long-term loan with ABSA Bank bearing an interest rate of 10.8% per annum, interest is paid quarterly and the loan is repayable in May 2020;
- R44 772 380 long-term loan with Development Bank of South Africa bearing interest rates between 9.02% and 11.04% per annum payable every six months with the last repayment due on 30 September 2025; and
- R27 million investment with ABSA, this investment has been ceded as security against the long term loan from ABSA.
- Initially from iLembe District point of view, R16 million receivable from non-exchange transaction was owed to the municipality by other organs of the state

for infrastructure projects (Department of Co-operative Governance & Traditional Affairs. However, this matter was raised as an audit finding, where it was concluded that the nature of the transaction cannot be classified as a trade receivable, and has been recognised in the 2018/2019 AFS at nil balance (both current and comparative firgures)

- R150 million Bulk Water purchases mainly from Umgeni Water.
- R119 million contracted services for various service delivery functions, and R144 million for the group.
- R114 million outstanding consumer debtors of which 87% is attributable to households.
- R170 million trade payables and accruals, the majority of which is attributable to infrastructure projects, vehicle leases and bulk water.

5.4 EXTERNAL TRENDS, EVENTS AND DEVELOPMENTS IN LEGAL, REGULATORY, SOCIAL, POLITICAL AND MACRO-ECONOMIC ENVIRONMENT THAT IS SPECIFIC TO THE ILEMBE DISTRICT MUNICIPALITY WHICH HAVE OR MAY HAVE A SIGNIFICANT IMPACT ON ITS FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASHFLOWS.

The aforementioned comprise of the following, namely:

(i) Water Distribution Losses

iLembe District Municipality has incurred water distribution losses of approximately 62%. This is mainly due to illegal connections, main leaks (ageing infrastructure), reservoir overflows and service connection leaks. A five-year strategic master plan for the reduction of non-revenue water has been adopted by the municipality to address this problem.

The following immediate actions are also underway in order to deal with the challenge:

- Formulation of a preventative infrastructure maintenance plan and sourcing of funding for implementation – The maintenance plan completed.
- Conversion of prepaid as they discovered to be malfunctioning which includes full meter audit to identify and deal with illegal connections and service connection leaks – this currently underway and ongoing.
- Zoning and installation of control meters to control and monitor water distribution and completeness of revenue.

- Removal of stand pipes water connections and reduction of supply of water through water tanker system.
- Non- revenue loss management through the appointment of a service provider to implement the above, manage telemetry and contain reservoir over flows.
- Interventions through the Vuthela LED project to assist with a pilot project in Sundumbili at Mandeni Local Municipality

(ii) Low Debt And Revenue Collection Rate

Low debt and revenue collection is a legacy issue that the municipality inherited and is currently dealing with. The effect of this is an extreme strain in the cash flows of the municipality, high dependence on grant funding and low liquidity ratio. The annual municipal budget is mainly reliant on the forecasted revenue collection that will fund the expenditure throughout the financial year. When the projected collection rate is not achieved with no corresponding decrease in expenditure, it results in the implementation of a budget that is not cash backed. Fortunately the Municipality has presented a balanced and funded budget for the 2018-2019 year and the 2019-2020 financial years. The collection rate for the 2018.2019 financial year is 64% as at 30 June 2019.

The following are some of the main challenges affecting the debt and revenue collection of the municipality:

a. Significant number of unregistered indigent consumers

A comparison of indigent consumer registers between the ILembe family of municipalities revealed that approximately 17 000 indigent consumers already registered with the local municipalities have not yet registered with the District Municipality. The implication of this is that there are currently consumers in the municipality's database that are billed at the rate that they cannot afford and subsequently will not be able to service their debt. This will result in steady increase in the municipal debt book with no corresponding increase in receipts from debtors.

When the qualifying consumers are eventually registered as indigents, this will result in the increase in debt impairment and write-offs and going forward will result in a decrease in revenue. An indigent outreach program has been drafted and being implemented by the municipality in order to address this issue.

Furthermore the indigent policies of the family of municipalities within the district are being aligned through the IGR structures to facilitate sharing of the registers within the district. In addition the Vuthela LED program has appointed a service provider to harmonise the indigent registers of all the Local Municipalities with the District.

b. Deceased consumers not declared as such by the property beneficiaries

The District Municipality have been confirmed as deceased by the Department of Home Affairs. In light of the aforementioned the property beneficiaries are to register for municipal services as beneficiaries.

Due to the high number of indigents in the district, most deceased consumers do not have a deceased estate where the municipality can recover the debt from. A significant increase in this category of consumers also results in a significant decrease in revenue collection rate which also affects cash flows adversely. The municipality has currently embarked on the programme of notifying the property beneficiaries and/or the water consumers residing on the property of the deceased to register for services and enter into an AOD to pay off the debt accumulated after date of death of the previous consumer. An exercise to identify these consumers to open consumer accounts in the name of the current occupier. The old debt relating to these properties may then be considered for possible write off. Failure by the current consumers to register for services will result in services being terminated at the property of the deceased.

c. Consumers categorised as pensioners

A significant increase in this category of consumers has also contributed in a significant decrease in revenue collection rate which also affects cash flows adversely.

(iii) **Material sewer revenue losses**

The municipality uses the valuation system as a basis for determining sewer charges. With some of the houses with no values and some with low values.

(iv) **Predominantly rural communities with high unemployment rate and child headed families**

A significant area of the iLembe District is situated in rural communities where most consumers cannot afford to pay for services. Some families are child headed and with the high unemployment rate this has contributed to the increase in the indigent consumers. The increase in indigent consumers without a corresponding increase in equitable share grant exerts a significant strain on the municipality's cash flows as the municipality is currently dependent on grant funding.

5.5 MAIN OPERATIONS INCLUDING SERVICE DELIVERY METHODS AND SIGNIFICANT CHANGES

The iLembe District Municipality is mainly a Water Services Authority and Provider i.e. WSA and WSP. The main operations are the provision of water and sewerage services. Approximately 76% of the Municipal Service Charges revenue comes from water billing and 24% is for provision of sewerage services. The revenue collection rate was 64% for 2018/19 financial year, and was below the set target of 75%.

5.6 FINANCIAL VIABILITY OBJECTIVES AND STRATEGIES

The following are the financial viability objectives of iLembe District Municipality as reflected in the IDP:

(i) To ensure sound revenue management principles
(ii) To ensure sound expenditure management principles
(iii) To ensure sound budgeting and compliance principles
(iv) To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within the policy framework
(v) To ensure sound and effective asset and inventory management principles
(vi) To implement and maintain compliant, effective and efficient enterprise risk management systems and processes.
(vii) To ensure sound and credible general financial management principles
(viii) To achieve a clean audit opinion;

All of the above mentioned objectives relate to the financial position, financial performance and cash flows of the municipality. Each objective has a strategy in place and can be grouped into the different units within the finance department management structure. The achievement of these objectives and progress thereof is monitored through the monthly PMS reports and quarterly performance assessment sessions.

For the purpose of this discussion document, these objectives and strategies are grouped and explained below under each unit within the finance department management structure.

5.6.1 REVENUE MANAGEMENT

Revenue management is the life blood of the municipality. One objective fall under this unit i.e. to ensure sound revenue management principles. This above-mentioned objective relate to the financial position, financial performance and cash flows of the municipality. It is important to ensure sustainability of the municipality. Revenue collection for the period ended 30 June 2018/19 was 64% compared to 69% achieved in the 2017/18. One of the major contributors to a decline in revenue collection rate is the increase in the amount being billed on a monthly basis due to increase in reading areas not previously read an the conversion of prepaid meters to conventional metering. The implementation of restrictions/disconnections of arrear debtors together with the assistance of a debt collector will see arrest of the high arrear debtor's position. The profiling of debtors has also commenced and debtors marked for impairment will be considered for write off subject to scrutiny before such action is implemented. There is a revenue enhancement strategy that is currently being implemented by the municipality.

Critical path and actions are as follows:

a) Zoning and installation of control meters – Project underway;
b) Debt collection strategy – Currently being implemented and closely monitored;
c) Conversion of prepaid meters which are faulty to conventional metering. - Currently being implemented;
d) Integration of the customer care, meter reading project, indigent management, credit control and debt collection processes for impact and monitoring of results – project underway.
e) Change in meter reading method from manual to electronic with capability to GPS meters, take photos of meters and down load readings in to the billing system.

5.6.2 SUPPLY CHAIN MANAGEMENT

One objective falls under this unit i.e. to procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within policy framework.

The municipality is implementing the annual procurement plan to ensure proactive planning of the procurement process taking into account the project implementation dates or time frames. This assists in ensuring timeous finalisation of the procurement processes to ensure service delivery, adequate capital spending and elimination of SCM Audit findings.

The municipality is trying to address the finalisation of competitive bidding processes within 90 days, however it remains a challenge due to factors beyond control. The municipality no longer relies on the use of external consultants to conduct the technical assessment of bids and now uses the in-house capacity within the Technical Services Department.

The contract management section is functional and the municipality recently received assistance from KZN Provincial Treasury in rolling out the contract management function throughout the council. Training was provided to officials to ensure effective contract management processes are adhered to.

With effect from 18 April 2017 prospective bidders can submit SARS unique pin whenever bidding for council projects. As from the 1st July 2017 the municipality was required to engage entities registered on the Treasuries Central Suppliers Database (CSD). As we speak all the municipality's procurement activities are linked to the CSD.

5.6.3 ASSETS MANAGEMENT

One objective falls under this unit i.e. to ensure sound and effective asset management principles. The sustainability of IDM is highly dependent on the condition and performance of the infrastructure assets. Should any of the major assets collapse and not operate, the municipality will not be able to achieve its mandate.

5.6.4 EXPENDITURE, LIABILITY, WORKING CAPITAL AND CASH FLOW MANAGEMENT

Two objectives fall under this unit i.e. to ensure sound expenditure management principles and to ensure sound and credible general financial management principles. In terms of section 152 (2) of the Constitution of South Africa, a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1). The requirement for increased financial viability is very important in

order for iLembe District Municipality to fulfil its constitutional mandate as outlined above. Without financial viability, the municipality cannot fulfil its objectives and its vision to provide excellent services and quality of life for its people.

The following strategies continued to be implemented during 2018/19 financial year in an attempt to overcome the challenge of over expenditure:

a) Budget availability is cleared before commencement of SCM processes i.e. no bid awards are made where budget is not available;
b) Purchase orders are only processed where budget is available;
c) Contract management unit has been established with the SCM unit to monitor supplier performance;
d) Expenditure Management Committee is in place;

There were no significant changes in the iLembe District Municipality's financial viability objectives from the previous financial years. There was however, a significant refinement in the strategies put in place to achieve the objectives and how the achievement of these objectives would be measured and over what time period progress would be measured. The strategies are slowing beginning to bear positive results with the cash position remaining within the norm of 1-3 months and the overall creditors reducing.

5.7 ANALYSIS OF ILEMBE DISTRICT MUNICIPALITY'S FINANCIAL STATEMENTS INCLUDING SIGNIFICANT CHANGES AND TRENDS IN THE FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASHFLOWS

The following analysis of trends includes those financial items that are important and significant to gaining a better understanding of the financial position, financial performance and cash flows and changes in financial position, financial performance and cash flows over the 2018/19 financial year. It also describes the significant items, transactions and events that have affected the financial position, financial performance and cash flows of iLembe District Municipality in the 2018/19 financial year.

5.7.1 MUNICIPALITY'S FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS.

The analysis is broken down into financial position, financial performance and cash flows.

(a) Financial Position

The iLembe District Municipality was in a net assets position as at 30 June 2019 i.e. the total assets exceeded the total liabilities by over a billion rand. The following financial items presented in the statement of financial position of the District Municipality are important and significant in gaining the understanding of the financial position of IDM:

(b) Cash and cash equivalents

Cash and cash equivalents accounted for 55% of current assets and 6.16% of the total assets of the municipality. This has improved compared to the 2017/2018 financial year

(c) Trade and other receivables from exchange transactions

Trade and other receivables from exchange transactions accounted for 36% of current assets and 4% of the total assets of the municipality. It has increased by 11% compared to the prior year mainly due to the growing debtor's book and no write off of bad debts for 2 financial years and low revenue collection rate.

(d) Trade and other receivables from non-exchange transactions

Trade and other receivables from non-exchange transactions comprised mainly of amounts Department of Cooperative Governance & Traditional Affairs, R16 million in respect of MIG funded projects. Trade and other receivables from non-exchange transactions accounted for 5.2% of current assets and 0.6% of the total assets of the municipality. It has decreased by 50% compared to the prior year mainly due to over performance in the implementation of Municipal Infrastructure Grant.

(e) Inventories

Inventories accounted for 3.6% of current assets and less than 0.39% of the total assets of the municipality. It has increased by 42% compared to the prior year mainly due to the number of meter connections and issues on infrastructural repairs.

(f) Property, plant and equipment

Property, plant and equipment accounted for 98% of non - current assets and 87.5% of the total assets of the municipality. It has increased by 4.5% compared to the prior year mainly due to the continued rollout of infrastructure projects aimed at eradicating the existing backlogs as well as refurbishment of ageing infrastructure.

(g) Trade and other payables from exchange transactions

Trade and other payables from exchange transactions comprised mainly of amounts owed for trade creditors. Trade and other payables from exchange transactions accounted for 67% of current liabilities and 50% of the total liabilities of the municipality. It has decreased by 10.6% compared to the prior year mainly due to a reduction in the amount of unpaid creditor invoices at year end.

(h) Trade and other payables from non-exchange transactions

Trade and other payables from non-exchange transactions (Unspent conditional grants) comprised of the savings from the Provincial Township Establishment Grant which the Municipality has made a formal application through the KZN Provincial Department of Co-operative Governance and Traditional Affairs (CoGTA) to redirect these savings to other service delivery initiatives. Unspent conditional grants accounted for 29.1% of current liabilities and 22% of the total liabilities of the municipality. It has increased compared to the prior year due mainly to objections in the awarding of contracts linked to RBIG funded projects and the late receipt of WSIG funding from the Department of Water and Sanitation.

(i) Current And Non – Current borrowings

Current borrowings accounted for 2.8% of current liabilities and 2.16% of the total liabilities. It has decreased by 15.5% compared to the prior year due to redemption of loan capital amounts during 2018/19 financial year.

Non - current borrowings accounted for 83% of non - current liabilities and 20% of the total liabilities of the municipality. It has decreased by 6.2% compared to the prior year due to delayed payments of loan instalments.

(j) Financial Performance

iLembe District Municipality had an overall surplus of R186 million in the 2018/19 financial year compared to the surplus of R309 million in the prior year. The decreased by R123 million compared to prior year is due to lesser government grant allocations during 2018/19. The

following financial items presented in the statement of financial performance of the iLembe District Municipality are important and significant in gaining the understanding of the financial performance of IDM.

(k) Revenue from exchange transactions

Revenue from exchange transactions accounted for 20% of the total revenue of the municipality. It has increased by 20% compared to the prior year.

(l) Government grants and subsidies

IDM is currently dependent on Grants and Subsidies. Grants and subsidies accounted for 79% of the total revenue of the municipality. It has decreased by 4% compared to the prior year due to lesser grant allocations during the year under review.

(m) Employee related costs

Employee related costs accounted for 25% of the total operating expenditure. It has increased by 7.6% compared to the prior year which in the main account for cost of living adjustments as agreed to through the collective bargaining processes.

(n) Remuneration of councillors

Remuneration of councillors accounted for 1% of the total operating expenditure.

(o) Debt impairment/Bad debts provision

Debt impairment provision accounted for 8.2% of the total operating expenditure after taking into account impairment. It has increased by 56% compared to the prior year due to an increase in the debt book and write off of bad debt in the last 2 financial years.

(p) Depreciation, impairment and amortization

Depreciation, impairment and amortization transactions accounted for 13% of the total expenditure of the municipality. It has increased by 26% compared to the prior year due to more projects being capitalized.

(q) Repairs and maintenance

Repairs and maintenance accounted for 4.7% of the total operating expenditure. It has decreased by 37% compared to the prior year.

(r) Finance costs

Finance costs accounted for just less than 1% of the total operating expenditure. It has decreased by 32% compared to the prior year which is mainly attributable to changes in interest rates.

(s) Bulk purchases

The Bulk purchases relate to bulk water purchases mainly from Umgeni Water and it accounts for 17% of the total operating expenditure. It has increased by 37% compared to the prior year due to inflationary and volume increases.

(t) General expenses

General expenses comprises mainly of electricity and water, fuel and oil, LED expenditure, telephone costs, audit fees and various other expenditure items. It accounted for 14% of the operating expenditure and has decreased by 2% compared to prior year. This is mainly due to the implementation of financial turnaround strategy that was adopted by Council in December 2017.

(u) Cash flows

The District Municipality was in a positive cash and cash equivalent position of R174 million as at 30 June 2019. The following financial items presented in the cash flow statement are important and significant in gaining the understanding of the cash flow position of IDM.

(v) Sales of goods and services/ receipts from consumer debtors

Receipts from consumer debtors accounted for 19% of the total cash inflows and has increased by 45% compared to prior year.

(w) Grant receipts

Grant receipts accounted for 80% of total cash inflows and have increased by 3.92% compared to the prior year mainly due to slight increase in grant allocations during the year under review.

(x) Purchase of fixed assets/ capital expenditure

Investment in assets/ capital expenditure payments accounted for almost 36% of the total cash outflows and has decreased by 29% compared to the prior year mainly due to low spending on WSIG and RBIG.

(y) Payments to suppliers

Payments to suppliers accounted for 72% of the total cash outflows.

(z) Employee costs including remuneration of councillors

Payment to employees accounted for 27% of the total cash outflows and has increased by 6.7% compared to the prior year which is mainly attributable to the standard cost of living adjustments.

5.7.2 SIGNIFICANT FINANCIAL RATIO ANALYSIS

The Annual Financial Statements (AFS) becomes more meaningful when information is analysed and interpreted. The objective of this section is to provide an analysis of the financial position, financial performance and cash flows of the iLembe District Municipality by performing ratio analysis specific to local government. This exercise also assesses the financial strength of the iLembe District Municipality. These ratios, as applied, provide interpretation methodologies that will add significant value when benchmarked against similar municipalities. These ratios are grouped into three (3) categories i.e. Revenue and Expenditure Management, Asset Management and Debt/Liability Management.

(a) Revenue and Expenditure Management

Ratio 1: Actual revenue versus budgeted revenue

The purpose of this ratio is to measure the extent of Actual Operating Revenue (Excl. Capital Grant Revenue) received in relation to Budgeted Operating Revenue during the financial year under review. The acceptable norm is 95%.

The formula is Actual Operating Revenue / Budgeted Operating Revenue x 100.

Analysis

IDM has achieved 95% of its budgeted operating revenue in the 2018/19 financial year compared to 84% in the 2017/18 financial year. The 1% decline is indicative of billing challenges that embroiled the Revenue Department in recent years which the Municipality has developed strategies to improve and bring the function of that business process back on track.

Ratio 2: Level of reliance on government grants

The purpose of this ratio is to determine what percentage of the municipality's revenue is made up of government grants to determine the level of reliance on government funding by the municipality. Generally, district municipalities are more reliant on grants and subsidies than the metros and local municipalities due to the fact that the district municipalities do not have an adequate revenue base.
The formula is (Grants and subsidies/ Total Revenue).

Analysis

IDM is reliant on government grants and subsidies. In the 2018/19 financial year it was 80% reliant compared to 83% in the 2017/18. The slight improvement on this ratio was only as a result of reduction in grant allocations for the year and slight improvements in own generated income.

Ratio 3: Actual expenditure versus budgeted expenditure

The purpose of this ratio is to measure the extent to which Budgeted Expenditure has been spent during the financial year under review. The ratio also assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. The acceptable norm is 95%
The formula is (Actual expenditure – budgeted Expenditure)/ Budgeted Expenditure.

Analysis

The percentage expenditure for 2018/19 was 105% compared to 102% for 2017/18 financial year. Although this was above 100%, it was however, still within the acceptable variance in terms of the norms.

Ratio 4: Personnel expenditure as a percentage of total expenditure

The purpose of this ratio is to indicate what percentage of total expenditure is attributable to personnel costs. It must be stated that the National Treasury guideline is 25% – 40%.
The formula is (Salaries, wages and allowances/ Total operational expenditure).

Analysis

The ratio for the 2018/19 financial year was 26,% compared to 29.3% in the previous financial year 2017/18 and it is within the National Treasury guideline of 25 – 40%.

Ratio 5: Interest as a percentage of total operating expenditure

The purpose of this ratio is to indicate the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as a percentage of Total Operating Expenditure. The acceptable norm is between 6 and 8%.

The formula is Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100.

Analysis

The ratio for the 2018/19 financial year was 1% compared to the ratio of 1.6% in the previous financial year and it is consistently below the National Treasury guideline of 6 – 8%.

The low ratio reported indicates that iLembe District Municipality is less reliant on external borrowings hence exposed to low cost of debt.

Ratio 6: Repairs and maintenance as a percentage of total expenditure

The purpose of this ratio is to measure the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services. National Treasury guideline is 8%. The formula is Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying Value) x 100.

Analysis

The ratio for 2018/19 financial year is 1.5%. This ratio is below the National Treasury guideline of 8%. This is one area that Management would need to look at and develop plans to address going forward.

(b) Asset Management

Ratio 7: Capital expenditure to total expenditure

The purpose of this ratio is to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritization of expenditure towards current operations *versus* future capacity in terms of Municipal Services. The formula is Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100. The norm is between 10 and 20%.

Analysis

The ratio for the 2018/19 financial year was 26% which is less by 9% compared to the prior year ratio of 35%. Both ratios are above the treasury guideline of between 10 – 20%.

Ratio 8: Asset Turnover Ratios

The purpose of these ratios is to establish the municipality's efficiency in utilizing its assets to generate revenue. They indicate how successful the municipality is using its assets to generate revenue. The National Treasury has not yet issued a guideline on the acceptable norm in the Local Government space. A higher ratio indicates that the municipality is using its assets efficiently; a lower rate indicates that the municipality is not using its assets optimally. Total asset turnover ratio is the key driver on return on community wealth/net assets. There are a number of variants of the ratio like total assets turnover ratio, fixed assets turnover ratio and working capital turnover ratio. In all cases the numerator is the same i.e. net revenue from exchange transactions but the denominator is not the same i.e. average total assets, average fixed assets and average working capital.

For the purposes of this report the following formulas are used to calculate asset turnover ratios:

a. Total Assets Turnover Ratio : Net Revenue from Exchange Transactions/ Average total assets
b. Fixed Assets Turnover Ratio: Net Revenue from Exchange Transactions/ Average fixed assets

Analysis

Total Assets Turnover Ratio

The ratio for the 2018/19 financial year was 0.07 and 0.06 for the 2017/2018 year

(c) Fixed Assets Turnover Ratio

iLembe District Municipality's ratio for the 2018/19 financial year is 0.311 and 0.346 for the 2017/2018 year.

Ratio 9: Debtors collection period

This ratio adjusts for Municipality's who have had significant write-offs of Irrecoverable Debtor balances in the Gross Debtors Days analysis as it only assesses the performance of collectable Debtors. In addition, it provides an indication of the quality of credit control policy, effectiveness of the implementation thereof and quality of revenue management. If the ratio is above the norm, this indicates that the Municipality is exposed to significant Cash Flow risk. This is also an indication that the municipality is experiencing challenges in the collection of outstanding amounts due to it. Furthermore, it indicates that a significant amount of potential

cash is tied up in consumer debtors and the municipality must improve its revenue and cash flow management. The acceptable norm as per National Treasury is 30 days.

The formula is (Consumer debtors after provision for bad debts *365/ Service Revenue)

Analysis

The ratio for the 2018/19 was 212 days has improved by 16 days compared to the prior year ratio of 228 days.

(d) Overall Asset Management Analysis

Although capital spending and/or investments in assets are high, there was a major underutilization of assets to provide optimal return on community wealth. This was mainly due to the ever increasing high social component of the services supply of 68%. It is also taking too long to convert the generated revenue into cash, which has exerted a major strain on the working capital.

i. Debt/Liability Management and/or Solvency and Liquidity ratios

Ratio 10: Acid Test Ratio

The purpose of this ratio is to indicate the municipality's ability to meet its short term obligation using its most liquid assets. The acceptable norm is 1: 1.

The formula is (Current Assets – Inventory)/ Current liabilities.

Analysis

The ratio for the 2018/19 financial year is 1,14:1, this has increased compared to the prior year ratio of 0.98:1. The ratio has improved from the 2017/2018 year to above the acceptable norm of 1:1.

Ratio 11: Current Ratio

The purpose of this ratio is to indicate the municipality's ability to meet its short term obligation using all its liquid assets. The higher the current Ratio, the more capable the Municipality or Municipal Entity will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels. A financial ratio under 1 suggests that the Municipality or Municipal Entity would be unable to pay all its current or short-term obligations if they all fall due at any specific point. Current assets must therefore be increased to

appropriately cover current liabilities otherwise there is a risk that non-current assets will need to be liquidated to settle current liabilities.
The acceptable norm is 1.5: 1 to 2:1.
The formula is Current Assets/ Current liabilities.

Analysis
The ratio for the 2018/19 financial year was 1,10:1 and the prior year ratio was 1.01:1 The ratio is below the acceptable norm of 1.5:1 to 2:1, this consistent decline in ratio indicate that municipality financial situation is against the ropes due to the historic poor collection rate coupled with high value of unpaid creditors invoices at year end. This ratio has improved has improved from the previous 2 financial years though it is still below the norm. The interventions put in place is starting to yield positive results.

Ratio 12: Total Liabilities as a percentage of total assets (Debt Ratio)
The purpose of this ratio is to indicate how much the municipality relies on debt to finance its assets. Maximum norm values is 60 – 70%.

The formula is Total Liabilities/ Total Assets.

Analysis
The ratio for the 2018/19 financial year was 15% %, while it was 11.4% for the prior year.

Ratio 13: Total Liabilities as a percentage of Net Assets (Debt to Equity Ratio)
The purpose of this ratio is to indicate the municipality's financial standing. Optimal debt to equity ratio is considered to be 1 i.e. Liabilities = Assets. A ratio higher than 1; may indicate that the municipality may not be able to generate enough cash to satisfy its obligations.
The formula is Total Liabilities/ Net Assets.

Analysis
The ratio for the 2018/19 financial year was 0.17 and the prior year ratio is 0.11 The ratio shows that IDM's financial standing remains positive and sound as it has more than enough assets to convert into cash to meet its obligations.

(e) Overall debt/liability management analysis
Overall debt/liability management is considered good. A great improvement is required to manage liquidity most particularly on a short term basis.

5.8 THE PRINCIPAL RISKS AND UNCERTAINTIES THAT AFFECT ITS FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS, CHANGES SINCE THE LAST REPORTING DATE AND ITS STRATEGIES FOR BEARING OR MITIGATING THOSE RISKS AND UNCERTAINTIES

The purpose of this section is to discuss iLembe District Municipality's principal risks and uncertainties that affects its financial position, financial performance and cash flows and includes an explanation of how this relates to the objectives and strategies of the municipality. It also includes an explanation of how IDM manages its principal risks and uncertainties.

5.8.1 PRINCIPAL RISKS AND UNCERTAINTIES AND HOW THEY RELATE TO THE OBJECTIVES AND STRATEGIES

The principal risks and uncertainties affecting its financial position, financial performance and cash flows as disclosed in note 39 of the 2018/19 Separate Annual Financial Statements are as follows:

a) **Maximum credit risk exposure**

The Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation and cause the municipality a financial loss. The items in the Annual Financial Statements that are exposed to credit risks are mainly cash deposits, cash equivalents and trade debtors. Credit risk, if not managed properly, may hinder the objective to increase its collection rate, improve net revenue collected, manage debtors' book efficiently and increase the financial viability. The strategies of revenue enhancement, credit and debt collection management, indigent management, cash flow and investment management relates management of the credit risk exposure.

b) **Liquidity risk**

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. IDM's liquidity risk is as a result of the need for sufficient funds to be available to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the municipality's reputation. Liquidity risk, if not managed properly, may hinder the objective to increase its financial viability and to ensure that the municipality is solvent and able to cover its costs at any and all times. IDM's strategies of cost and debt coverage management, cash

flow and expenditure management and payment of creditors relates to management of the liquidity risk.

c) **Interest rate risk**

Interest rate risk is the risk that the municipality will incur loss due to adverse changes in interest rates. The IDM's interest rate risk arises from long – term borrowings. DBSA and finance lease borrowings issued at variable rates exposes the municipality to cash flow interest rate risk. ABSA loan issued at fixed rate expose the municipality to fair value interest rate risk. The debt ratio is fairly good; therefore, interest rate risk is accepted as insignificant.

5.8.2 HOW ILEMBE DISTRICT MUNICIPALITY MANAGES ITS RISKS AND UNCERTAINTIES

The District Municipality manages its principal risks and uncertainties affecting its financial position, financial performance and cash flows as disclosed in note 40 of the 2017/2018 Annual Financial Statements as follows:

a) **Maximum credit risk exposure**

IDM only deposits cash with major banks with high quality credit standing and limits its exposure to any one counter-party i.e. Cash deposits/investments are diversified and are not put into one basket. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an on-going basis. If consumers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. There is also an indigent programme in place to support vulnerable groups. The intelligent meter project is also currently underway and it aims to mitigate the credit risk relating to consumer debtors.

b) **Liquidity risk**

The approach to managing liquidity risk is to ensure that sufficient liquid assets are available to meet its liabilities when they fall due without unacceptable losses or risking damage to the municipality's reputation. The District Municipality manages its liquidity risk through on-going review of future commitments and credit facilities. Cash flow forecasts are prepared and monitored and adequate utilised borrowing facilities are monitored. Expenditure and Revenue Management Committee is also in place to manage amongst other things, liquidity risk. The liabilities must be backed by appropriate assets and significant liquid resource.

CHAPTER 6: AUDITORS GENERAL AUDIT FUNDINGS

COMPONENT A – AUDITOR GENERAL'S OPINION OF THE FINANCIAL STATEMENTS 2018/19

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the Council on iLembe District Municipality and its controlled entity

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the ILembe District Municipality and its subsidiary(the group)set out on pages 203-257, which comprise the consolidated and separate statement of financial position as at 30 June 2019, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2019, and their financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.
4. I am independent of the group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes), as well as the ethical requirements that are relevant to my

audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below.

Material losses

7. As disclosed in note 36.8 to the financial statements, the municipality incurred material water losses of 17 954 624 kilolitres (2017-18: 9 949 871 kilolitres) which resulted in revenue losses of R187,89 million (2017-18: R83,36 million). The losses were mainly due to illegal connections, main leaks, reservoir overflows and service connection leaks.

Other matter

8. I draw attention to the matter below.

Unaudited disclosure note

9. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the consolidated and separate financial statements. This disclosure requirement did not form part of the audit of the financial consolidated and separate financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

11. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

12. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

13. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the consolidated annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the basic service delivery development priority presented in the annual performance report of the municipality for the year ended 30 June 2019.

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material finding in respect of the usefulness and reliability of the selected development priority is as follows:

Number of jobs created through water infrastructure and service delivery efforts (labour intensive construction – LIC)

19. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the number of jobs created through water infrastructure and service delivery efforts (labour intensive Construction – LIC). This was due to attendance registers and time sheets that support the target not having been provided. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 1168 jobs created as reported in the annual performance report.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. The annual performance report on pages 61-94 includes information on the achievement of planned targets for the year. This information should be considered in the context of the material finding on the usefulness and reliability of the reported performance information in paragraph 19 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the basic service delivery development priority. As management subsequently corrected only some of the misstatements, I raised a material finding on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, current liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

26. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
27. Reasonable steps were not taken to prevent irregular expenditure of R74,93 million as disclosed in note 35.3 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by expenditure incurred on security services as a result of contract extensions that were applied.

Procurement and contract management

28. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of supply chain management regulation 5(SCM).

Consequence management

29. Some of the unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
30. Some of the irregular expenditure and fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

31. Some of the losses resulting from irregular expenditure were not recovered from the liable person, as required by section 32(2) of the MFMA.
32. Appropriate action was not taken against officials of the municipality where investigations proved financial misconduct, as required by section 171(4)(b) of the MFMA and municipal regulations on financial misconduct procedures and criminal proceedings 6(8).
33. Cases of financial misconduct which constitute a crime committed by officials were not always reported to the South African Police Service, as required by the municipal regulations on financial misconduct procedures and criminal proceedings 10(1).

Other information

34. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in this auditor's report.
35. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
36. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
37. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude the there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

38. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

39. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
40. Management did not prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information as material misstatements were identified in the annual financial statements and the annual performance report.
41. The review and monitoring of compliance with the laws and regulations were not adequately implemented to prevent the material non-compliance identified.

Other reports

42. I draw attention to the following engagements conducted that had, or could have, an impact on the matters reported in the municipality's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
43. An independent consultant investigated eight cases of allegations relating to possible misappropriation of assets, fraud, financial misconduct and SCM irregularities, during the 2016-17 financial year. Four cases were concluded during the 2018-19 financial year and the recommendations were implemented by the municipality for two of these cases. One was not finalised because the employee left the municipality. For the other case, the recommendations have not been implemented. The outcomes of the remaining four investigations were still in progress at the date of this report.
44. An independent consultant is investigating an allegation of possible irregularities relating to the SCM processes followed, during the 2017-18 financial year. The investigation was still in progress at the date of this report.

Pietermaritzburg
17 December 2019

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for the selected development priority and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ILembe District Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group, audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

COMPONENT B: CONSOLIDATED AUDIT RESPONSE PLAN OF ILEMBE DISTRICT MUNICIPALITY AND ITS ENTITY: 2018/19

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Nature Of Audit Query	Audit Query	Action Plan	Audit Response Progress (Quarter 2)
Emphasis Of Matter: **Material Water Losses**	The municipality incurred material water losses of 17 954 624 kilolitres (2017-18: 9 949 871 kilolitres) which resulted in revenue losses of R187, 89 million (2017-2018: R83,36 million). The losses were mainly due to illegal connections, main leaks, reservoir overflows and service connection leaks	The municipality will appoint the service provider to deal with **Water Conservation and Water Demand Management (WCWDM).** The WCWDM deals with the following: 1. Bulk Water Meter Installations from the abstraction points, especially Umgeni Water's point of sale to IDM; 2. Bulk Water Meter Installation to all inlets & outlets of IDM's reservoirs; 3. Domestic Water Meter Installations to all IDM consumers that have access to water; 4. Develop projects to deal with the minimization of Water losses in the district; 5. Installation of Pressure Reducing Valves (PRV's), to deal with high water pressure and minimise on burst pipes; 6. Replacement of Aging infrastructure	The service provide was appointed and the project has commenced.

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Nature Of Audit Query	Audit Query	Action Plan	Audit Response Progress (Quarter 2)
		The disconnections, repairs to burst pipes and maintenance of reservoir overflows is ongoing. **Responsible Official** Senior Manager: Technical Services **Target Date** May 2019 Service Provider – thereafter the projects will take 3 years to complete.	

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Audit Query	Action Plan		Audit Response Progress (Quarter 2)
1. **Misstatement In Financial Statements: Trade Receivables-Exchange**	It was noted that there is a grant receivable recognized under Trade Receivables for an amount of R43 085 764 related to the MIG grant.	Corrections were made in the AFS. Monitoring of MIG expenditure is now monitored against CoGTA's records through the MIG MIS system in order to identify and rectify any discrepancies. Manager Expenditure has been provided with necessary training and granted access to the MIG MIS for purposes of exercising the required monitoring. **Responsible Official** Manager Expenditure **Target Date** 31 March 2020	Discrepancies have been identified and the issues that gave rise to these discrepancies are being addressed with Technical Services Department

Audit Query	Action Plan		Audit Response Progress (Quarter 2)
2. **Misstatement In Financial Statements: Invoices For Expenses Not Raised As An Accrual In The Correct Period**	Invoices in expenses were not raised in the correct period that being in the 2018/19 financial year	Management subsequently corrected the identified misstatement in the AFS by matching the invoices which were a subject of the audit query to the relevant reporting periods to which those invoices related. This only related to Umgeni Water for the bulk purchases invoices Umgeni Water has been requested to provide with water bills earlier than they used to so that processing of invoices can be correctly aligned to the reporting periods to which they relate. **Responsible Official** Manager Expenditure	Umgeni Water has been engaged to supply us with December 2019 bill at least by the 3rd of January 2020 so that an accrual can be made within December 2019 posting period in order to achieve the correct alignment for the first 6 months.

Audit Query	Action Plan		Audit Response Progress (Quarter 2)
		Target Date 15 January 2020	
3. **Misstatement In Financial Statements: Incorrectly Disclosed Contigent Liability**	The contingent liability in relation to Umgeni water for an amount of R45 385 302 for the expenditure to build the spring groove dam and the costs were to be shared by the municipalities based on the principle of cross subsidisation. As at reporting date was probably that an outflow of economic benefit will be required from the municipality to settle the expenditure and management is currently making arrangement with Umgeni on settling the amount owed and therefore the obligation exists and obligation can be reliably measured at R45 385 302.	Management undertook an assessment as guided by GRAP and came into conclusion that it would be appropriate to disclose the amount raised by Umgeni Water for Capital Unit Charges as a Provision. An assessment will be conducted on a quarterly basis to determine whether or not it is still prudent to account for the provision. **Responsible Official** Manager Expenditure **Target Date** 31 December 2019	The first assessment is set to be conducted in December 2019 to determine whether or not the provision is still required.

Audit Query	Action Plan		Audit Response Progress (Quarter 2)
	This incorrect accounting treatment have resulted in a material understatement of liabilities and material overstatement of the contingent liability.		
4. **Misstatement In Financial Statements: Commitments Incorrectly Disclosed**	It was noted that the commitment schedule has been incorrectly calculated and led to a material misstatement of the disclosure note in the annual financial statements. This is due to the incorrect contract amounts used and incorrect payments up to date that is due to incorrect VAT percentage being used of which resulting in commitments with negative balances and some others	Management recalculated the commitments amounts and corrected the disclosure in the Annual Financial Statements. Management is in the process of addressing weaknesses in the contract register with an intention of ensuring that that the contractual information that feeds into expenditure as well as contractual commitments are	A meeting with all relevant parties will be scheduled for the 15th of January 2020 to agree measures to address the weaknesse identified on the contract register.

Audit Query	Action Plan		Audit Response Progress (Quarter 2)
	did not incudes VAT at all.	all up to date and correctly aligned. **Responsible Official** Manager Expenditure **Target Date** 30 April 2020	
5. **Non-Compliance: Suppliers Not Paid Within 30 Days**	Invoices outstanding for more than 30 days after receipt of the invoice by the municipality were noted.	Invoice Process Procedure Manual which will serve as a guide on how to administer invoice processing will be formulated and implemented. **Responsible Official** Manager Expenditure **Target Date** 30 April 2020	The manual has been formulated and will be tabled at various Council Committees in January 2020 for adoption and thereafte it will be implanted.
6. **Non-Compliance: Irregular Expenditure Was Not Prevented**	The municipality did not take reasonable steps to prevent irregular expenditure of R 74 926 349 of this	Management will make endeavours to ensure that these matters are reported to	Management is currently reconciling all matters pertaining to UIFW from the past financial years for purposes of submitting the same to MPAC and Council in January 2020.

Audit Query	Action Plan		Audit Response Progress (Quarter 2)
	amount R20 144 619 was identified during the audit process. There was also irregular expenditure of R346 969 258 that was identified in the current year relating to prior years. The municipality did not adequately comply with the SCM regulation and did not implement appropriate cash management process to ensure that the suppliers are paid in a timely manner.	Council structures timeously. **Responsible Official** Manager Expenditure **Target Date** 30 April 2020	
7. **Non-Compliance: Investigations For The Uifw Not Adequately Performed**	No proper investigations are conducted by MPAC and no indication of investigation if there is an employee liable for the expenditure incurred. External investigation –		

Audit Query	Action Plan		Audit Response Progress (Quarter 2)
	report has been finalised however the recommendations have not been implemented. Four cases have not been finalised since the previous audit report.		
8. **Misstatements In Annual Performance Report: Reliability Of Performance Reported In Annual Performance Report**	Reliability of number of jobs created (1168) could not be confirmed due to inadequate supporting information provided (i.e. employment contracts, timesheets, and attendance registers)	A standard IDM EPWP contract has been drawn up and is to be shared with upcoming contractors The IDM tender document under the EPWP section, will be revised once more and list "contracts of employment and attendance registers" as a requirement. **Responsible Official** Deputy Senior Manager: O & M	

Audit Query	Action Plan		Audit Response Progress (Quarter 2)
		Target Date November 2019	
9. **Misstatements In Annual Performance Report: Epwp-Selection Of Qualifying Beneficiaries**	Various weaknesses were noted in respect of the implementation of the EPWP Code of Good Practice in the selection of EPWP participants/ beneficiaries.	Management will consider checking the NCPR list against our EPWPRS to ensure the alignment of the systems The EPWP employees who are employed for 2 different phases of the same project will in future be indicated per phase. **Responsible Official** Deputy Senior Manager: O & M **Target Date** November 2019	

Audit Query	Action Plan		Audit Response Progress (Quarter 2)
10. **Irregular Process To Appoint The Contractor**	There was no evidence to confirm that the requirements of section 116(3) of the MFMA was followed by the municipality to amend the current contract of the contractor.	Management made adjustments to the AFS for the irregular expenditure for all the contracts that were approved by EXCO. Management will review the contract register to identify all historical contracts where extensions were involved. For any contracts that did not follow the process, such will be classified as irregular and follow the requisite processes in terms of the MFMA for purposes of reporting and addressing the non-compliance. **Responsible Official**	Management has just embarked on a process of reviewing contract register and this exercise will be finalized by 31 January 2020.

Audit Query	Action Plan		Audit Response Progress (Quarter 2)
		Manager Expenditure Target Date 31 March 2020	

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COMPONENT C: REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF ILEMBE DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2019

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF ILEMBE DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2019

1. INTRODUCTION

The purpose of this report is to communicate to the council the audit committee's progress in carrying out its oversight responsibilities outlined in section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by the National Treasury for the year ended 30 June 2019.

The MFMA obliges every municipality to establish an independent audit committee, which must advise the municipal council, political office- bearers, accounting officer and management staff of the municipality as well as the accounting officer and the management staff of the municipal entity. The audit committee is governed by formal terms of reference, which are regularly reviewed and approved by the council. The committee is pleased to present its report for the financial year ended 30 June 2019.

2. LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE

The Audit Committee and Performance Audit Committee is established in accordance with section 166 of the Municipal Finance Management Act, Act no 56 of 2003 (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations). Consideration has also been given to MFMA Circular No. 65 issued by the National Treasury in November 2012 as well as the recommendations contained in the King Report on Corporate Governance for South Africa (King IV). The Committee was appointed by Council and is required by law to report to Council in terms of the MFMA.

3. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee comprised of five independent members including the chairperson. In terms of section 166(4)(b) of the MFMA, the audit committee must meet at least four times a year. During 2018/2019 financial year there were four audit committee meetings held and the table below shows the members' attendance at these meetings:

Name	Date of appointment	Meetings attended	27-08-2018	26-11-2018	28-01-2019	16-04-2019
Mr VL Mtshali (Chairperson)	01/02/2018	04	√	√	√	√
Mr S Z Hlophe	01/02/2018	03	√	√	√	X
Ms S Gertze	01/02/2018	04	√	√	√	√
Mr S L Ndlovu	01/11/2014	04	√	√	√	√
Ms B Zulu	01/02/2018	04	√	√	√	√

4. AUDIT COMMITTEE'S RESPONSIBILITY

The Audit Committee has been set up in accordance with section 166 of the MFMA and operates within the terms of the Audit Committee Charter approved by the Municipal Council.

In the conduct of its duties, the Audit Committee has performed the following statutory duties:

4.1 Effectiveness of internal controls

The Audit Committee, at each meeting, assessed performance against the plans and reviewed the plans to ensure that critical risks relating to the operations and the findings of the AuditorGeneral were addressed.

The internal control environment in the municipality needs improvement, the Auditor General report raises internal control deficiencies and non-compliance that requires effective internal controls to address.

The Auditor General concluded that management did not complete accurate and complete financial and performance reports, this is an indicator of internal control weaknesses.

4.2 Internal Audit Function

The internal audit function for the Municipality was performed in-house and it was operational for the reporting period and the risk-based internal audit plan for the financial year ending 30 June 2019 was approved by the Audit Committee.

The internal audit reports were tabled at the Audit Committee meetings held during the year. The internal audit reports included recommendations to improve internal controls together with agreed management action plans to resolve the issues reported on. The Audit Committee further assessed whether management implement the agreed upon actions to address the findings of internal audit.

To further enhance the processes in place, internal audit conducted follow up audits on previously reported internal and external audit findings and reported progress to senior management and the Audit Committee.

The internal audit unit capacity and resources need to be beefed up, the filling of critical vacancy of Audit Senior has been delayed and was not concluded in the financial year.

4.3 Risk Management Function

The Audit Committee is responsible for oversight of the risk management function. The risk management committee reports to the audit committee on the municipality's management of risk.

The Municipality conducted risk assessment workshops during the reporting period and the Risk Management Committee discussed and accepted the risk registers both operational and strategic, which were approved by the Executive Committee (EXCO). The audit committee noted and considered the risk registers and the updated risk registers.

The Risk Management Committee is responsible for assessing whether the mitigating factors are implemented as agreed upon to avoid or reduce the risk exposure.

4.4 Review of Annual Financial Statements

The committee is concerned with the limited time allocated to AFS review and the correction of errors identified. A competent service provider was appointed to review AFS and the audit committee considered the review report and also did its own independent review. However not enough time was available for adjustments and review of final AFS.

The AFS preparation plan must be drafted approve and the accounting officer must ensure compliance with all deadlines in the AFS process.

The Auditor General concluded that the AFS were not prepared in terms of the MFMA, the unqualified audit opinion was achieved after adjustments were made during the audit to ensure the AFS complies with MFMA.

4.5 Performance Management

The Audit Committee also serves as the Performance Audit Committee for the Municipality. The legal responsibilities of the Audit Committee in this regard are set out in terms of paragraph 14 of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The Audit Committee reviewed the quarterly performance reports and the internal audit reports on performance management for 2018/2019 financial year based on the Municipality's approved scorecard.

The Chairperson served on the evaluation panel in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Council.

COMPLIANCE WITH LEGISLATION

Instances of non-compliance with laws, regulations, policies and procedures have been noted, mainly through disclosure by management and the reports submitted by internal and external audit. However, management have provided comments on the findings, indicated corrective measures and timing of the implementation thereof. In addition, compliance checklists have been developed and the Audit Committee is monitoring progress towards full compliance at its quarterly meetings.

Council need to ensure compliance testing and reporting is improved in the municipality.

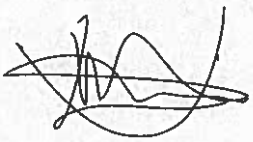
RECOMMENDATIONS

Section 121(3)(j) of the MFMA requires that the annual report must include any recommendations of the Municipality's Audit Committee.

Council advised to reflect on the Audit report submitted by Auditor General and request management to implement action plan to resolve the critical matters raised by the auditors. Council advised to monitor and follow up on effectiveness of management to resolve the Auditor General findings.

Council advised to follow up on repeated findings and internal control weaknesses because these could have negative consequences in future.

On behalf of the Audit Committee



Mr VL Mtshali CA (SA)
Chairperson

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CONSUMER DEBTOR ARREARS

As at 30 June 2019, the following Councillors 'accounts were in arrears:

ILEMBE DISTRICT MUNICIPALITY AND ITS CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS

COUNCILLOR'S ARREAR CONSUMER ACCOUNTS

	GROUP	IDM	GROUP	IDM
	2019	2019	2018	2018
	R	R	R	R
Councillor GJ Van Whye	733,24	733,24	142	142
Councillor MS Singh	1913,24	1913,24	-	-
Councillor MD Shandu	163,41	163,41	-	-
Councillor IP Dube	745,24	745,24	-	-
Total Councillors Arrear Consumer Accounts	3555,13	3555,13	142	142

CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS

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Unaudited Consolidated Annual Financial Statements

for

ILEMBE DISTRICT MUNICIPALITY AND ITS CONTROLLED ENTITY

For the period ended 30 June 2(

Province: **KwaZulu Natal**

AFS rounding: ***R (i.e. only cents)***

Contact information:

Name of Municipal Manager:	**Geoffrey Kumalo**
Contact telephone number:	**032 437 9500**
Contact e-mail address:	Geoffrey.Kumalo@ilembe.gov.za
Chief Financial Officer:	**Mahendra Chandulal**
Contact telephone number:	**032 437 9503**
Contact e-mail address:	Mahendra.Chandulal@ilembe.gov.za
Name of contact at provincial treasury:	**Nokuthula Ndlovu**
Contact telephone number:	**033 897 4376**
Contact e-mail address:	nokuthula.chamane@kzntreasury.gov.za
Name of relevant Auditor:	**Auditor General**
Contact telephone number:	**033 264 7400**
Contact e-mail address:	AmandaZ@agsa.co.za
Name of contact at National Treasury:	**Matsie Sehlapelo**
Contact telephone number:	012 315 5295
Contact e-mail address:	Matsie.Sehlapelo@treasury.gov.za

General Information

Legal Form of Entity	Municipality
Nature of Business and Principal Activities	Medium Capacity, Category C, District Municipality
His Worship, Councillor Siduduzo Siegarled Gumede	**Mayor**
Councillor Monitha Dolly Shandu	**Deputy Mayor**
Councillor Lucky Reginald Makhathini	**Speaker**
Councillor Sandeep Oudhram	Member of the Executive Committee
Councillor Musawenkosi Aubrey Maphumulo	Member of the Executive Committee
Councillor Aubrey Mtofo Beardman	Member of the Executive Committee
Councillor Andrew Gopaul	Member of the Executive Committee
Councillor Angel Lindiwe Nzama	*Member*
Councillor Maureen Zola Mhlongo	*Member*
Councillor Sibongile Florence Ntuli	*Member*
Councillor Catherine Tholakele Khumalo	*Member*
Councillor Makhosini Desmond Mpofu	*Member*
Councillor Ntombenhle Cynthia Nene	*Member*
Councillor Musawenkosi Simeon Ntuli	*Member*
Councillor Madhum S Singh	*Member*
Councillor Innocent Ndumiso Vilakazi	*Member*
Councillor Muzi Emmanuel Ngidi	*Member*
Councillor Innocentia Phumelele Dube	*Member*
Councillor Radiwaath Singh	*Member*
Councillor Thandeka Sinenhlanhla Ngidi	*Member*
Councillor James Gabangani Van Whye	*Member*
Councillor Philemon Sbonise Goba	*Member*
Councillor Mamazane Veronica Shezi	*Member*
Councillor Silindile Zondi	*Member*
Councillor TS Jali	*Member*
Councillor Happiness Nonhlanhla Ngcobo	*Member*
Councillor Caroline Zama Ncalane	*Member*
Councillor Nyathikazi S.Z	*Member*
Councillor Andile Mazwi Gwala	*Member*
Councillor Malindi Virginia Mhlongo	*Member*
Councillor Gloria Nompumelelo	*Member*
Councillor David Mthokozisi	*Member*
Accounting Officer	NG Kumalo - Municipal Manager from 01 August 2018
Chief Financial Officer	Mahendra Chandulal From 2 October 2017
Grading of Local Authority	Five
Auditors	The Auditor-General, South Africa
Bankers	First National Bank

General information (continued)

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ILEMBE DISTRICT MUNICIPALITY AND ITS CONTROLLED ENTITY DC29

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the period ended 30 June 2019

Accounting Officer's Statement

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data. The annual financial statements were prepared in accordance with Standards of Generally Recognised Ac-counting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. I, as the Accounting Officer (accounting authority), acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints I am of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit. I have has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. The annual financial statements are prepared on the basis that the municipality is a going concern and that the iLembe District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality. Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors. I would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 24 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.



N.G Kumalo

Accounting Officer

ILEMBE DISTRICT MUNICIPALITY AND ITS CONTROLLED ENTITY
ANNUAL FINANCIAL STATEMENTS
For the period ended 30 June 2019

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ILEMBE DISTRICT MUNICIPALITY AND ITS CONTROLLED ENTITY
STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	GROUP 2019 R	IDM 2019 R	GROUP 2018	IDM 2018 R
ASSETS					
Current Assets					
Cash and cash equivalents	3	194 932 164	174 702 791	75 813 667	70 703 174
Current term investments	6	28 719 789	28 719 789		
Trade and other receivables from exchange trans	2	124 887 813	116 313 321	106 732 286	100 745 782
Trade and other receivables from non exchange t	4	-	-	-	-
Inventories	6	11 533 993	11 290 313	6 200 327	7 917 309
Total current assets		360 073 560	331 026 215	190 746 281	179 366 264
Non-current assets					
Non-current receivables	7	528 084	528 084	819 999	819 999
Long term investments	8		-	27 286 429	27 286 429
Other non-current financial assets	5	-	100	-	100
Property, plant and equipment	10	2 532 592 955	2 504 242 757	2 398 758 773	2 374 679 577
Intangible assets	12	6 094 146	6 094 145	5 247 208	5 247 208
Heritage Assets	11	205 578	205 578	205 578	205 578
Biological assets	13	590 000		391 400	-
Total non-current assets		2 540 010 763	2 511 070 664	2 432 709 386	2 408 238 891
Total assets		2 900 084 323	2 842 096 879	2 623 455 668	2 587 605 156
LIABILITIES					
Current liabilities					
Trade and other payables from exchange transacti	14	256 814 025	247 584 531	241 280 551	237 635 209
Trade and other payables from non - exchange tra	15	90 221 432	76 719 868	16 611 222	15 779 853
Current portion of borrowings	16	37 342 526	37 342 526	7 164 483	7 164 483
Current portion of finance lease liability	17	2 785 935	1 887 971	1 088 697	1 088 697
Current portion of employee benefits	38	1 494 983	1 494 983	739 456	739 456
Total current current liabilities		388 458 901	364 989 888	266 884 409	262 407 698
Non-current liabilities					
Non-current borrowings	16	38 226 416	38 226 416	72 851 417	72 851 417
Non-current finance lease liability	17	1 475 734	314 969	2 182 960	2 182 960
Employee benefits	38	10 592 237	10 592 237	8 787 361	8 787 361
Total non-current liabilities		50 294 387	49 133 642	83 821 738	83 821 738
Total liabilities		438 753 288	414 123 540	350 716 147	346 229 436
Net assets		2 461 331 035	2 427 973 539	2 272 739 521	2 241 375 724
NET ASSETS					
Accumulated surplus		2 461 331 035	2 427 973 539	2 272 739 521	2 241 375 724
Total net assets		2 461 331 035	2 427 973 539	2 272 739 521	2 241 375 724

ILEMBE DISTRICT MUNICIPALITY AND ITS CONTROLLED ENTITY
STATEMENT OF FINANCIAL PERFORMANCE
For the period ended 30 June 2019

	Note	GROUP 2019	IDM 2019 R	GROUP 2018	IDM 2018 R
Revenue from exchange transactions		**221 367 264**	**197 773 310**	**180 883 229**	**163 102 745**
Service charges	18	153 140 616	153 140 616	130 251 315	130 251 315
Rental of facilities and equipment	19	107 037	22 889	75 763	9 876
Interest earned - external investments	20	13 104 782	12 284 945	8 359 539	8 086 492
Interest earned - outstanding receivables	21	25 768 886	25 768 886	15 452 338	15 452 338
Fines and Penalties	23,2	175 075	175 075	390 438	380 438
Sale of produce	23,4	21 371 978	-	18 031 479	
Other income	23	7 899 092	6 381 298	8 332 358	8 922 486
Revenue from non exchange transactions		**807 242 194**	**790 111 215**	**809 273 728**	**808 307 400**
Government grants and subsidies	22	807 242 194	790 111 215	809 273 728	808 307 400
Total revenue		**1 028 609 458**	**987 884 525**	**990 156 995**	**971 410 145**
Expenses					
Employee related costs	24	220 237 209	202 180 059	201 322 369	186 965 671
Remuneration of councillors	25	8 603 847	8 603 847	8 405 692	8 405 692
Bad debts	2	65 022 454	65 022 454	41 678 124	41 678 124
Directors' attendance fees	25	660 017	-	550 858	-
Depreciation, impairment and amortisation ex	26	106 437 607	104 329 755	82 953 161	81 789 590
Finance costs	27	8 154 624	8 154 624	10 585 607	10 585 607
Bulk purchases	28	150 578 471	150 578 471	86 505 612	86 505 612
Contracted services	29	144 974 149	119 319 073	139 880 306	123 230 299,49
General expenses	31	129 211 508	136 109 878	105 746 092	122 374 778
Total expenses		**833 879 987**	**794 298 162**	**677 605 820**	**661 513 374**
Gain / (loss) on sale of assets	23,3	(6 188 121)	(6 816 518)	(390 534)	(351 989)
Forex gain/(loss)	38,10	(72 550)	(72 550)	-	-
		188 468 900	**186 697 298**	**312 160 692**	**309 544 782**

ILEMBE DISTRICT MUNICIPALITY AND ITS CONTROLLED ENTITY
STATEMENT OF CHANGES IN NET ASSETS
For the period ended 30 June 2019

	Note	GROUP Accumulated Surplus/(Deficit) and Total	IDM Accumulated Surplus/(Deficit) Total
			R
Balance at 1 July 2017		2 133 284 253	2 104 512 953
Prior year adjustments	32	(75 872 498)	(76 312 128)
Prior year adjustments		(98 186 889)	(96 444 197)
Restated balance		1 959 224 866	1 931 756 628
Net gains and losses not recognised in the statement of financial performance			-
Transfers to / from accumulated surplus/(deficit)		1 353 977	74 390
Surplus / (deficit) for the period		312 160 602	309 544 782
Balance at 30 June 2018, as previously reported		2 272 739 522	2 241 375 724
Opening Balance, 1 July 2018		2 272 739 522	2 241 375 724
Net gains and losses not recognised in the statement of financial performance			
Transfers to / from accumulated surplus/(deficit)		122 691	518
Surplus / (deficit) for the period		188 468 900	186 597 298
Balance at 30 June 2019		2 461 331 036	2 427 973 539

ILEMBE DISTRICT MUNICIPALITY AND ITS CONTROLLED ENTITY
CASH FLOW STATEMENT
For the period ended 30 June 2019

	Note	GROUP 2019 R	IDM 2019 R	GROUP 2018 R *Restated*	IDM 2018 R *Restated*
Receipts		1 097 242 672	1 022 360 676	968 057 336	949 301 819
Sales of goods and services		198 300 810	155 299 627	132 829 086	115 803 698
Grants		898 941 861	867 051 049	835 228 250	833 498 121
Payments		(537 476 096)	(779 350 515)	(528 716 335)	(509 538 745)
Employee costs		227 813 367	209 766 207	208 372 989	194 016 291
Suppliers		609 662 740	569 584 308	320 343 348	314 522 454
CASH GENERATED FROM OPERATIONS	33	259 766 576	243 009 161	439 341 001	440 763 074
Interest received		13 104 782	12 284 945	8 359 539	8 066 492
Interest paid		(8 154 624)	(8 154 624)	(10 565 607)	(10 565 607)
Net cash flows from operating activities		264 716 733	247 130 482	437 134 933	438 263 959
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets (PPE)		(214 209 060)	(218 355 979)	(338 609 797)	(338 466 278)
Proceeds from sale of fixed assets		-	-	-	-
Increase in investments		(7 346 439)	(1 439 360)	(1 476 557)	(1 476 557)
Non-current receivables		89 305 811	89 305 811		
Purchase of intangibles		(3 111 087)	(3 111 087)	(198 600)	(198 600)
Decrease/(increase) in Loans and receivables		-			-
Net cash flows from investing activities		(135 360 775)	(133 594 616)	(340 283 185)	(340 139 834)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(7 141 160)	(7 141 160)	(10 020 472)	(10 020 472)
Repayment of finance lease liability		(3 096 301)	(2 395 091)	(17 313 194)	(17 313 194)
Net cash flows from financing activities		(10 237 460)	(9 536 250)	(27 333 666)	(27 333 666)
Net increase / (decrease) in net cash and cash equivalents		119 118 497	103 999 617	69 518 057	64 936 551
Net cash and cash equivalents at beginning of period		75 813 667	70 703 174	6 295 610	5 766 623
Net cash and cash equivalents at end of period	34	194 932 164	174 702 791	75 813 667	70 703 174

ILEMBE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the period ended 30 June 2019

Description	Original Budget	Adjusted Budget (i.t.o. s28 & s31 Of The MFMA)	Virament (Council Approved By-law)	Year to date Budget	Actual Income/ Expenditure	Variance	% Variance	Explanation of variances
	1 R	2 R	3 R	4 R	5 R	7 R	8	9
Service Charges	145 503 458	160 713 992		160 713 992	153 140 616	-7 573 376	-5%	The reason for the variance was that some projects which would have resulted in an increased billing that were anticipated to commence during the financial year were not completed. However, the municipality indicated there has been a notable increase in Service charges when compared to the 2017/18 financial year.
Investment Revenue	7 250 000	10 182 862	0	10 182 862	13 104 782	2 921 920	29%	The variance is attributable to grants received during the year where there was a delay on expenditure due to various matters on project implementation, as a result funds were kept in an investments and attarcted more interest.
Transfers Recognised - Operational	509 101 000	532 827 897	0	532 827 897	566 209 222	33 381 324	6%	Accept the variance as immaterial
Other Own Revenue	61 088 817	65 004 852	0	65 004 852	55 121 866	-9 882 986	-15%	The variance is attributable to various items which municipality has no control. The items includes interest on outstanding debtors which were below anticipated budget.
otal Revenue (Excluding Capital ransfers)	722 943 275	768 729 603	0	768 729 603	787 576 485	18 846 882		
Employee Costs	238 041 846	229 062 400		229 062 400	220 237 209	-8 825 190	-4%	Accept the variance as immaterial
Remuneration Of Councillors	9 951 582	9 320 382		9 320 382	9 263 884	-56 517	-1%	Accept the variance as immaterial
Debt Impairment	21 825 519	19 222 669		19 222 669	65 022 454	45 799 785	238%	The variance is attributable a huge debt book which as per the expert report aligned to GRAP which recommended a provision of R 65 million.
Depreciation & Asset Impairment	82 285 489	81 507 489		81 507 489	106 437 607	24 930 118	31%	As at June 2019, the actual expenditure incurred against Depreciation and asset impairment exceeded the budgeted expenditure. As per the municipality, the variance is as a result of the impairment test that was performed at year end. The municipality indicated that excessive expenditure will not have a material impact on the total actual expenditure.
Finance Charges	9 827 854	7 704 383		7 704 383	8 154 624	450 242	6%	Accept the variance as immaterial

scription	Original Budget	Adjusted Budget (i.t.o. s28 & s31 Of The MFMA)	Virement (Council Approved By-law)	Year to date Budget	Actual Income/ Expenditure	Variance	% Variance	Explanation of variances
								water supply due to the increase in new connections and varying increase in water demand. Furthermore, the expenditure increased as a result of the commissioning part (releasing water ready for use at a particular area) of the Lower Tugela Regional Bulk Water Infrastructure project. Thus, areas previously supplied by the boreholes (Zinkwazi, Blythdale, Sanseuci and part of Stanger) have now been connected to the main system and thus resulting the increase the water supply. The excessive increase in bulk purchases is due to the commissioning of Lower Thukela Bulk Water Supply Scheme Off takes
Bulk Purchases	99 545 500	120 006 214		120 006 214	150 578 471	30 572 258	25%	
								The budgeted expenditure for Contracted Services was increased in the 2018/19 Adjustments Budget in order to align to mSCOA. The majority of the budgeted items were re-allocated from Repairs and Maintenance (Other materials) and Other Expenditure. The municipality indicated that the variance was due to the fact that the water tanker supply was kept at a minimum and non - urgent expenditure relating to Repairs was also delayed in line with the implementation of the austerity measures and the cost containment policy.
Contracted Services	152 771 988	188 546 579		188 546 579	144 974 149	-23 572 430	-14%	
Other Expenditures	105 742 020	127 356 289		127 356 289	129 211 508	1 855 219	1%	Accept the variance as immaterial
otal Expenditure	720 991 997	762 726 403	0	762 726 403	833 879 887	71 153 484		
urplus/(Deficit)	2 851 676	6 003 201	0	6 003 201	-46 303 491	-52 306 692		

escription	Original Budget	Adjusted Budget (i.t.o. s28 & s31 Of The MFMA)	Virement (Council Approved By-law)	Year to date Budget	Actual Income/ Expenditure	Variance	% Variance	Explanation of variances
Transfers Recognised - Capital	336 720 000	366 078 969	0	366 078 969	241 032 973	-125 045 996	-34%	During the 2018/19 financial year the Department of Water and Sanitation delayed the transfer of the WSIG to the municipality. The first tranche of R35 million for WSIG was only transferred in January 2019. Thus, resulting in the delay of the projects funded by this grant. The municipality indicated that the are currently in negotiations with the transferring department in respect of how the
Contributions Recognised - Capital & Contributed Assets			0	0	0	0		
rplus/(Deficit) After Capital Transfers Contributions	339 571 678	372 082 169	0	372 082 169	194 729 572	-177 352 598		
ofit/(Loss)					-6 260 671			
rplus/(Deficit For The Year	339 571 678	372 082 169	0	372 082 169	188 468 900	-177 352 598		
pital Expenditure & Funds Sources								
pital Expenditure								
Transfers Recognised - Capital	282 800 000	318 329 586	0	318 329 586	301 161 252	-17 168 314	-5%	Sanitation delayed the transfer of the WSIG to the municipality. The first tranche of R35 million for WSIG was only transferred in January 2019. Thus, resulting in the delay of the projects funded by this grant. The municipality indicated that the are currently in negotiations with the transferring department in respect of how the rollover will be handled considering the late transfer. The municipality further indicated that there were delays on implementation of certain projects funded by RBIG. No further details were provided in respect to reasons of the delay. However, the municipality will be applying for a roll-over in line with the requirements of Division of Revenue Act (DoRA).
Borrowing	63 148 521	63 148 521		63 148 521	0	-63 148 521	-100%	
Internally Generated Funds	8 354 130	12 544 752	0	12 544 752	4 995 848	-7 548 904	-60%	The variance is attributable to low expenditure on water metres project and other ICT capital projects. These projects were not implemented due to austerity measures and cost containment policy.
tal Sources Of Capital Funds	354 302 651	394 022 839	0	394 022 839	306 157 100	-87 865 739		

ALFRED DISTRICT MUNICIPALITY AND ITS CONTROLLED ENTITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For the period ended 30 June 2019

BASIS OF PREPARATION

1.1 STATEMENT OF COMPLIANCE

These annual financial statements have been prepared in accordance with the effective South African Standards of Generally Recognised Accounting Practice (GRAP), as approved by the Minister of Finance, including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 BASIS OF MEASUREMENT

The annual financial statements have been prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

1.3 FUNCTIONAL AND PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All financial information has been rounded to the nearest Rand.

1.4 OFFSETTING

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenue and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

1.5 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.6 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts assets and liabilities, income, expenses and other reports. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future.

Post-Retirement Benefits and Multi-Employer Retirement Benefit Plans
The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The Municipality determines the appropate discount rate at the end of each year using the actuarial valuation. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Municipality considers the interest rates that best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumption for pension obligation are based on current market conditions. Additional information is disclosed in notes. The Municipality contributes to Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The Municipality's liability in these funds could not be determined owing to the fact that the assets are not being allocated to each employer and only one set of financial statement are compiled for each fund not per employer. Further details of the plan is included in the notes to the Financial Statements.

Provision for impairment of trade receivables
The provision for impairment is measured as the difference between the assets' carrying amount and the present value of estimated recoverable future cash flow based on past recovery trends.
Non-cash generating and cash generating impairment testing
Management used the fair value less cost to sell to determine the recoverable amount of assets with an indefinite useful life and identifying assets that may have been impaired. Additional disclosure of these estimates is included in note - Impairment of assets
All assets owned/recognised by the municipality are held for the provision of basic service and are considered to be non-cash generated assets

Provision
Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provision are included in notes to Financial Statements.
Provision are measured at the head of department's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.
A provision is recognised when:
The municipality has a present obligation (legal or constructive) as a result of a past event;
It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
A reliable estimate can be made of the obligation.

1.7 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The municipality shall present a comparison of budget and actual amounts as additional budget columns in the primary financial statements only where the financial statements and the budget are prepared on a comparable basis. All comparisons of budget and actual amounts shall be presented on a comparable basis to the budget. The municipality shall explain in notes to the financial statements the budgetary basis and classification basis adopted in the approved budget (refer note 1.10).

1.7 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality. Application of all of the GRAP standards noted below will be effective from a date to be announced by the Minister of Finance. The effective dates are currently unknown.

GRAP 1 (amended) Presentation of Financial Statement
GRAP 18 Segment Reporting
GRAP 20 Related Party Disclosures
GRAP 32 Service Concession Arrangements (Grantor)
GRAP 34 Separate Financial
GRAP 35 Consolidated Financial Statements
GRAP 36 Investments in Associates and
GRAP 37 Joint Arrangements
GRAP 38 Disclosure of Interest in other Entities
GRAP 108 Statistical Debtors
GRAP 109 Standard of GRAP on Accounting by Principals
GRAP 110 Living and Non living Resources

The following Standards issued but not yet effective have an effective date of 1 April 2020.

GRAP 34 Separate Financial
GRAP 35 Consolidated Financial
GRAP 36 Investments in Associates and
GRAP 37 Joint Arrangements
GRAP 38 Disclosure of Interest in other Entities

1.8 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED AND EFFECTIVE

The Minister has determined the following GRAP standards as approved effective:

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statements
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 The Effects of Changes in Foreign Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements
GRAP 7 Investments in Associates
GRAP 8 Interest in Joint Ventures
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property Plant and Equipment
GRAP 18 Segment Reporting
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 21 Impairment of Non-cash-generating Assets
GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24 Presentation of Budget Information in Financial Statements
GRAP 25 Employee Benefits
GRAP 26 Impairment of Cash-generating assets
GRAP 27 Agriculture
GRAP 31 Intangible Assets
GRAP 100 Discontinued Operations
GRAP 103 Heritage Assets
GRAP 104 Financial Instruments
GRAP 105 - Transfer of Functions Between Entities Under Common Control
GRAP 106 Transfer of Functions Between Entities Not Under Common Control
GRAP 107 Mergers

Interpretations of the standard of GRAP Approved and effective
IGRAP1 Applying The Probability Test On Initial Recognition Of Revenue
IGRAP2 Changes in Existing Decommissioning Restoration and Similar Liabilities
IGRAP3 Determining Whether an Arrangement Contains a Lease
IGRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP6 Loyalty Programmes
IGRAP7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9 Distributions of Non-cash Assets to Owners
IGRAP10 Assets Received from Customers
IGRAP11 Consolidation - Special Purpose Entities
IGRAP12 Jointly Controlled Entities - Non-Monetary Contributions
IGRAP13 Operating Leases - Incentives
IGRAP14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP15 Revenue - Barter Transactions Involving Advertising Services
IGRAP 16 Intangible Assets - Website Costs

IGRAP17 Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

IGRAP18 Interpretation of the Standard of GRAP on Recognition and Derecognition of Land
IGRAP 19 Liabilities to Pay Levies

Interpretations of the standard of GRAP Approved and not yet effective
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue (01 April 2020)

IGRAP 20: Accounting for Adjustments to Revenue (01 April 2020)

Directive 7 (Revised): The Application of Deemed Cost (1 April 2019)

The following standards have been issued but are not yet effective:
- GRAP 1 (amended): Presentation of Financial Statements (1 April 2020)
- GRAP 105 (as amended 2016): Transfer of Functions Between Entities not Under Common Control (1 April 2019)

Guidelines of the Standard of GRAP approved and not yet effective
Guideline on Accounting for Landfill Sites
Guideline on the Application of Materiality to Financial Statements
Guideline on Accounting for Arrangements Undertaken i.t.o. the National Housing Programme (1 April 2019)

1.10 PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

The budget is mainly approved on a cash basis by functional classification. The approved budget covers the period from 1 July 2018 to 30 June 2019. The budget and accounting bases for some votes differ. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. The amounts of these adjustments are identified in note 41. A reconciliation between the actual amounts on a comparable basis as presented in the statement of comparisons of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 30 June 2019 is presented in note 41. The financial statements and budget documents are prepared for the same period. There is a basis difference as the budget is mainly prepared on a cash basis and the financial statements on the accrual basis. The reconciliation as required by GRAP 24 is also shown in note 41. The statement of comparison of budget and actual amounts is disclosed as a statement in the annual financial statements.

Differences between budget and actual amounts are regarded as material when a more than 10% variance exists.

All material differences are explained in the notes to the annual financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies had been applied consistently during the current and previous reporting period, as set out in note 1.2

2.1 PROPERTY, PLANT AND EQUIPMENT

2.1.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.1.2 SUBSEQUENT MEASURIMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.1.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the municipality will obtain ownership by the end of the lease term.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Years	Other	Years
Water	10 - 80	Machinery and equipment	3 - 20
Sewerage	10 - 80	Furniture and equipment	3 - 50
Other	10 - 83	Motor vehicles	4 - 20

An entity shall assess at each reporting date whether there is an indication that the entity's expectations about the residual value and useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity shall revise the expected useful life and/or residual value accordingly. No longer a requirement to review residual values and useful lives each year.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance - refer to note 19 for further information on impairment of assets.

2.1.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

2.1.5 LEASED ASSETS

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases. Upon initial recognition of assets leased under finance leases, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software and websites	2 - 5 Years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date - refer to note 19 for further information on impairment of assets. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 HERITAGE ASSETS

4.1 INITIAL RECOGNITION AND MEASUREMENT

Heritage assets are assets that are normally held individually for their unique cultural, environmental, historical, natural, scientific, technological or artistic significance for the benefit of future generations.

Certain heritage assets are described as inalienable items this assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

Heritage assets are recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost or fair value of the asset can be measured reliably.

If the municipality holds an asset that might be regarded as a heritage asset, but on initial recognition, the asset does not meet the above recognition criteria because it cannot be measured reliably, relevant and useful information about the heritage asset is disclosed in the notes to the financial statements.

On the date of initial recognition, heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, the cost is its fair value as at the date of acquisition.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

After recognition as an asset, a class of heritage assets are carried at its cost less any accumulated impairment losses.

4.3 DEPRECIATION & IMPAIRMENT

Heritage assets are not depreciated. The municipality assesses at each reporting date whether there is any indication that a heritage asset may be impaired - refer to note 19 for further information on impairment of assets.

In assessing whether there is an indication that an asset may be impaired, the municipality considers, as a minimum, the following indications:

4.3.1 External sources of information

(a) During the period, a heritage asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

(b) The absence of an active market for a revalued heritage asset.

4.3.2 Internal sources of information

(a) Evidence is available of physical damage or deterioration of a heritage asset.

(b) A decision to halt the construction of the heritage asset before it is complete or in a usable form.

4.4 DERECOGNITION

The carrying amount of a heritage asset is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

5 INVENTORIES

5.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

5.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

5.3 WATER INVENTORY

Water inventory represents water housed in reservoirs within the municipal area and is measured at the lower of cost, which is deemed to be fair value, and net realisable value. In the absence of a market that trades in water outside of local government, the fair value utilised to quantify water inventory is based on the unit reference value. The unit reference value is a determined by a formula that is utilised in the engineering department to calculate the development cost of new water resources.

Readings of water levels are taken at year-end, which is quantified at the above fair value.

Water and purified effluent are measured at the lowest of purified cost and net realisable value insofar as it is stored and controlled in reservoirs at year-end.

6 INVESTMENTS IN CONTROLLED ENTITIES

In the municipality's separate annual financial statements, investments in controlled entities are measured at cost.

7 FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or residual interest of another entity. A financial asset is:
cash;
a residual interest of another entity; or
a contractual right to:
receive cash or another financial asset from another entity; or
exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

deliver cash or another financial asset to another entity; or
exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions. Financial assets are recognised using trade date accounting

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or other notes thereto:

Financial Assets:

Cash and Cash Equivalents = Financial asset measurement at amortised cost

Trade and Other Receivables from Exchange Transactions = Financial asset measured at amortised cost

Trade and Other Receivables from Non-Exchange Transactions = Financial asset measured at amortised cost

Non-Current Receivables = Financial Asset measured at amortised cost

Financial Liabilities:

Trade and Other Payables from Exchange Transactions = Financial liability measured at amortised cost

Trade and Other Payables from Non-Exchange Transactions = Financial liability measured at amortised cost

Borrowings = Financial liability measured at amortised cost

Finance Lease Liabilities = Financial liability measured at amortised cost

7.2 INITIAL MEASUREMENT

Financial instruments are initially measured at fair value and plus transaction costs for financial instruments at amortised cost or cost. Fair value is usually the transaction cost at the date of recognition. For financial instruments at amortised cost, if the transaction cost is not market related i.e. no interest is charged for deferred payments or when the account is overdue, or interest charged is at below- market related rate; the municipality determines the fair value. The fair value is the present value of the expected future cash flows, without taking into account any future losses or the possibility of default, discounted using a market related interest rate, adjusted for credit risk over the expected life of the financial instrument. For financial instruments at fair value, the fair value is determined based on quoted prices in an active market. If there is no active market, it is determined using valuation techniques. For financial instruments at cost, the financial instrument is only measured at cost if the fair value can not be measured reliably. Where a financial instrument contains both a liability and a residual interest component, the municipality allocates the instrument into its component parts. The municipality recognises the liability at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its components.

7.3 SUBSEQUENT MEASUREMENT

Financial assets and liabilities are subsequently measured either at fair value, or amortised cost or cost using the following categories:
(a) Financial instruments at fair value
(b) Financial instruments at amortised cost
(d) Financial instruments at cost

7.3.1 FINANCIAL INSTRUMENTS AT FAIR VALUE

Financial instruments at fair value comprise financial assets or financial liabilities that are derivatives , combined instruments that are designated at fair value, instruments held for trading , financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost and non derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition. Financial instrument at fair value are subsequently measured at fair value with changes in fair value recognised in surplus or deficit.

7.3.2 FINANCIAL INSTRUMENTS AT AMORTISED COST

Financial instruments at amortised cost , are non-derivative financial assets or financial liabilities that have fixed or determinable payments , excluding those the municipality designates at fair value at initial recognition or are held for trading. Financial instruments at amortised cost are subsequently measured at amortised cost using effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated cash flows associated with the financial instrument through the expected life of the instrument (or in some cases a shorter period) to the net carrying amount at initial recognition. Financial assets are subject to annual impairment review. Refer to note 7.6 for details on impairment and uncollectability of financial assets.

7.3.3 FINANCIAL INSTRUMENTS AT COST

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Financial instruments at cost are subsequently measured at cost if the fair value cannot be reliably determined.
Financial assets are subject to annual impairment review. Refer to note 7.6 for details on impairment and uncollectability of financial assets.

7.4 RECLASSIFICATIONS

The municipality does not reclassify a financial instrument when it is issued or held , except for a combined instrument that is required to be measured at fair value or an investment in residual interest subject to certain requirements.

7.5 GAINS AND LOSSES

Gains and losses on fair value measurements ,reclassifications , impairment , derecognition are recognised in surplus or deficit.

7.6 IMPAIRMENT AND UNCOLLECTABILITY OF FINANCIAL ASSETS

Financial assets are subject to annual impairment review as follows:

7.6.1 FINANCIAL ASSETS AT AMORTISED COST

For financial assets at amortised cost; the municipality assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on a financial asset has been incurred, the loss is recognised in surplus or deficit. The municipality assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset, (whether individually significant or not), an entity includes the assets in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. The impairment loss is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The impairment loss is recognised in surplus or deficit by reducing the carrying amount either directly or through the use of an allowance account. If, in a period after an impairment loss has been recognised, events occur or circumstances change that indicate that the impairment loss recognised in a previous period should be reversed, the municipality reverses the impairment loss previously recognised either directly or by adjusting an allowance account.

7.6.2 FINANCIAL ASSETS AT COST

For financial assets at cost the municipality assesses whether there is any objective evidence that a financial asset is impaired. If there is objective evidence that an impairment loss on a financial asset has been incurred, the loss is recognised in surplus or deficit. The impairment loss is the difference between the carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for similar financial assets. The impairment loss is recognised in surplus or deficit by reducing the carrying amount directly. The impairment loss is never reversed in subsequent periods.

7.7 DERECOGNITION

7.7.1 FINANCIAL ASSETS

The municipality derecognises financial assets using trade date accounting. The municipality derecognises a financial asset only when:
(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
(b) the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
(c) the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality shall:
(i) derecognise the asset; and
(ii) recognise separately any rights and obligations created or retained in the transfer.

7.7.2 FINANCIAL LIABILITIES

The municipality removes a financial liability from its statement of financial position when , and only, it is extinguished . A financial liability is extinguished when the debtor either:
(a) Discharges the liability by paying the creditor, normally with cash, other financial liabilities , goods or services.
(b) Is legally released from primary responsibility for the liability either by process(expires) of law or by the creditor (cancelled). If the debtor has given a guarantee , this condition may still be met.
(c) Waives the debt or it is assumed by another municipality by way of a non- exchange transaction.
Interest, dividends or similar distributions , losses and gains relating to a financial instrument or a component that is a financial liability should be recognised as revenue or expense in surplus or deficit. A financial asset and a financial liability should be offset and the net amount presented in the statement of financial position when and when , the municipality:
(i) Currently has a legally enforceable right to set off the recognised amounts; and
(ii) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

8 FOREIGN CURRENCY TRANSACTION

Transactions in foreign currencies are translated in the functional currency of the municipality at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit, except for differences arising on the retranslation of available-for-sale financial instruments, which are recognised in net assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

9 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is defined in section 1 of the MFMA as follows:
"unauthorised expenditure", in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—
(a) overspending of the total amount appropriated in the municipality's approved budget;
(b) overspending of the total amount appropriated for a vote in the approved budget;
(c) expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
(f) a grant by the municipality otherwise than in accordance with this Act.

9.1 IDENTIFICATION AND INTERNAL REPORTING

Unauthorised expenditure is identified through the municipality's financial system application controls. On identification of the unauthorised expenditure due to overspending on specific votes, the relevant head of department is notified, where funds are available on other votes within the directorate, virements are made within the provisions of the virement policy. If after the provisions of the virement policy are applied, the unauthorised expenditure still remains/exist, it is recorded in the unauthorised expenditure register and reported to the accounting officer, mayor and council in terms of MFMA section 32.

9.2 COUNCIL DECISION AND ACCOUNTING TREATMENT

Unauthorised expenditure that is incurred before the adjustment budget process is finalised is considered by council through the adjustment budget. Unauthorised expenditure that is incurred after the adjustments budget is referred to the Municipal Public Accounts Committee (MPAC) for investigation and recommendation to council. Where MPAC after investigation, recommends to council to certify the unauthorised expenditure as irrecoverable and write - off, the unauthorised expenditure is disclosed in the notes to the financial statements as condoned by council. Where MPAC determines after investigation, that the unauthorised expenditure must be recovered from the relevant official, the unauthorised expenditure is recognised as an asset (debtor) in the statement of financial position and also disclosed in the unauthorised expenditure note as unauthorised expenditure incurred in the current financial year.

9.3 EXTERNAL REPORTING

The accounting officer of the municipality promptly informs the mayor, the MEC for local government in the province and the Auditor - General, in writing, of:
(a) Any unauthorised expenditure incurred by the municipality;
(b) Whether any person is responsible or under investigation for such unauthorised expenditure; and
(c) The steps that have been taken-
 (i) To recover or reality such expenditure; and
 (ii) To prevent a recurrence of such expenditure

10 IRREGULAR EXPENDITURE

Irregular expenditure is defined in section 1 of the MFMA as follows:
"irregular expenditure", in relation to a municipality or municipal entity, means—
(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

10.1 IDENTIFICATION AND INTERNAL REPORTING

Every expenditure item is reviewed before payment is made to identify any instances of non-compliance with the relevant Acts and supply chain management policy of the municipality. Where an expenditure item is identified as irregular expenditure, it is recorded in the irregular expenditure register and reported to the accounting officer, mayor and council in terms of MFMA section 32.

10.2 COUNCIL DECISION AND ACCOUNTING TREATMENT

Irregular expenditure reported to council is referred to the Municipal Public Accounts Committee (MPAC) for investigation and recommendation to council. Where MPAC after investigation, recommends to council to certify the irregular expenditure as irrecoverable and write - off, the irregular expenditure is disclosed in the notes to the financial statements as audited and written - off by council as irrecoverable. Where MPAC determines after investigation, that the irregular expenditure must be recovered from the relevant official, the irregular expenditure is recognised as an asset (debtor) in the statement of financial position and also disclosed in the irregular expenditure note as irregular expenditure incurred in the current financial year.

10.3 EXTERNAL REPORTING

The accounting officer of the municipality promptly informs the mayor, the MEC for local government in the province and the Auditor - General, in writing, of:
(a) Any irregular expenditure incurred by the municipality;
(b) Whether any person is responsible or under investigation for such irregular expenditure; and
(c) The steps that have been taken-
 (i) To recover or reality such expenditure; and
 (ii) To prevent a recurrence of such expenditure

11 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is defined in section 1 of the MFMA as follows:
'fruitless and wasteful expenditure' means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

11.1 IDENTIFICATION AND INTERNAL REPORTING

Every expenditure item is reviewed before payment is made to identify whether it meets the definition of fruitless and wasteful expenditure. Where an expenditure item is identified as fruitless and wasteful expenditure, it is recorded in the fruitless and wasteful expenditure register and reported to the accounting officer, mayor and council in terms of MFMA section 32.

11.2 COUNCIL DECISION AND ACCOUNTING TREATMENT

Fruitless and wasteful expenditure reported to council is referred to the Municipal Public Accounts Committee (MPAC) for investigation and recommendation to council. Where MPAC after investigation, recommends to council to certify the fruitless and wasteful expenditure as irrecoverable and write - off, the fruitless and wasteful expenditure is disclosed in the notes to the financial statements as certified and written - off by council as irrecoverable. Where MPAC determines after investigation, that the fruitless and wasteful expenditure must be recovered from the relevant official, the fruitless and wasteful expenditure is recognised as an asset (debtor) in the statement of financial position and also disclosed in the fruitless and wasteful expenditure note as fruitless and wasteful expenditure incurred in the current financial year.

11.3 EXTERNAL REPORTING

The accounting officer of the municipality promptly informs the mayor, the MEC for local government in the province and the Auditor - General, in writing, of:
(a) Any irregular expenditure incurred by the municipality;
(b) Whether any person is responsible or under investigation for such fruitless and wasteful expenditure; and
(c) The steps that have been taken-
(i) To recover or rectify such expenditure; and
(ii) To prevent a recurrence of such expenditure

12 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:
(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

13 LEASES

13.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

13.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.
The tariff in respect of sewerage is based on the value of consumption used from one point of meter supply

14 REVENUE

14.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Further adjustments are made to take into account stepped tariffs where applicable. The estimates of consumption between meter readings are based on 6 months average reading history.

Service charges from sewerage and sanitation are based on the value of consumption used from one point of meter supply and this is set out in the tariffs of charges approved by Council.

Revenue from the sale of water prepaid meter cards is recognized based on consumption except where a reliable estimate cannot be made after every reasonable effort to gather appropriate information had been made. In these instances, revenue is recognized at the point of sale.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

14.2 REVENUE FROM NON - EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions are transactions where the municipality receives revenue and provide no or a nominal consideration directly in return.

A transaction can be a combination of exchange and non-exchange transactions. In these instances the municipality determines what portion of the transaction is an exchange transaction and what portion is a non-exchange transaction and then recognises it separately.

Most non-exchange transactions that the municipality enters into involve stipulations on transferred assets are in terms in laws or regulations, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the municipality. Stipulations can either be in the form of conditions or in the form of restrictions. For both conditions and restrictions the municipality may be required to use the transferred asset for a particular purpose. The municipality uses substance over form to determine whether a stipulation is a condition or restriction.

14.3 RECOGNITION

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset are recognised as an asset when all of the following criteria have been satisfied:
(a) When the resource is controlled by the entity as a result of a past event;
(b) It is probable that the future economic benefits or service potential associated with the resource will flow to the municipality; and
(c) The fair value of the resource can be measured reliably.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow (which is the case when a stipulation is a condition).

Liabilities are recognised for conditions to be met which is attached to the transferred asset. The liability is discharged and revenue recognised as the conditions are satisfied.

The municipality does not recognise service in - kind.

The municipality recognises revenue from vat refunds on cash basis.

14.4 MEASUREMENT

Non-monetary assets such as property, plant and equipment, investment property and inventory, acquired through a non-exchange transaction, are initially measured at its fair value on acquisition date.

Monetary assets arising out of a contractual agreement, such as cash and receivables, are initially measured at fair value on acquisition date.
Revenue is measured at the amount equal to the increase in net assets (i.e. the net effect).

The amount recognised as a liability is the best estimate of the amount required to settle the present obligation at the reporting date.
Revenue from vat refunds is measured at gross amounts.

15 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

16 EMPLOYEE BENEFITS

16.1 SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expects to pay in exchange for that service and had accumulated at the reporting date.

16.2 POST- EMPLOYMENT BENEFITS

16.2.1 DEFINED CONTRIBUTION PLANS

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees, unless another standard requires or permits the inclusion of the contribution in the cost of an asset. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after end of the period in which the employees render the related service, they are discounted using a risk-free rate determined by reference to market yields at the reporting date on government bonds, or by reference to market yields on high quality corporate bonds. The municipality contributes to various national-and provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer plans and are accounted for as defined contribution plans as there is no consistent and reliable basis available for allocating the obligation, plan assets and cost to individual municipalities participating in the plan. The contributions to fund obligations for the payment of retirement benefits are expensed in the year it becomes payable. These multi-employer plans are actuarially valued annually on a national-or provincial level using the projected unit credit method. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

16.2.2 DEFINED BENEFITS PLANS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. It defines an amount of benefit that an employee will receive on retirement. The municipality's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine its present value. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets.

The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the municipality's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply in any plan in the municipality. An economic benefit is available to the municipality if it is realisable during the life of the plan, or on settlement of the plan liabilities.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. The expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.
When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in surplus or deficit as a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in surplus or deficit.

The municipality immediately recognises all actuarial gains and losses arising from defined benefit plans directly in net assets.

16.2.3 OTHER LONG - TERM BENEFITS PLANS

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value and the fair value of any related assets is deducted to determine the net obligation.

The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the municipality's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in surplus or deficit in the period in which they arise.

16.2.4 **TERMINATION BENEFITS**

Termination benefits are recognised as an expense when the municipality is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the municipality has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

17 **VALUE ADDED TAX (VAT)**

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes. The municipality accounts for VAT on a monthly basis.

18 **IMPAIRMENT OF ASSETS**

Primary objective for cash generating assets is to generate a commercial return and the primary objective for non- cash generating asset is service delivery. The municipality uses the following sets of questions as a criteria to distinguish between cash generating and non-cash generating assets:
(a) Was the asset acquired to generate a commercial return?
(b) Does the asset operate independently from other assets?
(c) Does the asset generate cash flows independently from other assets?
If the answer is yes to all of these questions, then the municipality accounts for the asset as a cash generating asset. If the above criteria is not met, the municipality accounts for the asset as non-cash generating asset.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a non - cash generating unit is the higher of its fair value less costs to sell and its value in use. The recoverable carrying amount is higher of its fair value less cost to sell and its value in use.

Value in use of a cash generating asset is determined as the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. Value in use of a non cash generating asset is determined as the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

19 **RELATED PARTIES**

The municipality operates in an economic sector currently dominated by entities directly owned by the Lambo District Municipality. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.
Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

20 **EVENTS AFTER REPORTING DATE**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

21 **COMMITMENTS**

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.
Disclosure are required in respect of unrecognised contractual commitments.
Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

TRADE AND OTHER RECEIVABLES 2 FROM EXCHANGE TRANSACTIONS	Gross Balances R	Provision for Bad debts	Net Balance	IDM Total
Trade receivables				
As at 30 June 2019				
Service debtors				
Water and Sewerage	350 732 511	(250 265 210)	100 467 301	100 467 301
Direct Deposits	(61 804)	-	(61 804)	(61 804)
Total	350 670 707	(250 265 210)	100 415 497	100 416 497
Other Receivables				
Unmgeni water debtor			-	
Department of Education	8 947 983		8 947 983	
Accrued interest	2 082 718	-	2 082 718	2 082 718
Ilembe Enterprise	-0	-	-0	671 751
Outstanding deposits	314 215	-	314 215	314 215
Sundry Debtors			-	-
Other debtors	13 143 730	-	13 143 730	12 845 671
RD Cheques	3 469	-	3 469	3 469
Vat receivable		-	-	-
Total other Receivables	24 472 116	-	24 472 116	15 997 854
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.				
Total Trade and other receivables	375 152 823	(250 265 210)	124 887 613	116 313 321
As at 30 June 2018				
Restated				
Service debtors				
Water and Sewerage	273 390 840	(186 482 910)	86 907 930	86 907 930
Direct Deposits	(2 010 795)	-	(2 010 795)	(2 010 795)
Total	271 380 045	(186 482 910)	84 897 135	84 897 135
Other receivables				
Unmgeni water debtor			-	
Department of Education	5 325 361		5 325 361	
Accrued interest	749 373	-	749 373	749 373
Outstanding deposits	2 073 133	-	2 073 133	2 073 133
Sundry Debtors			-	
RD Cheques		-	-	
Sundry Debtors - F/W Expenditure	78 804	-78 804	-	-
Other debtors	14 849 194	(6 177 849)	8 671 345	8 369 041
Acknowledgement Of Debts			-	-
Vat receivable	5 015 941	-	5 015 941	4 870 100
Other receivables	28 089 805	(6 256 653)	21 833 152	15 848 648
Total Trade and other receivables	299 469 851	(192 737 563)	106 732 288	100 745 782

Summary of Debtors by Customer Classification	Residential R	Industrial/Commercial R	National and Provincial Government R
As at 30 June 2019			
Current (0 – 30 days)	25 788 945	3 496 078	4 807 527
31 - 60 Days	8 094 942	600 482	928 384
61 - 90 Days	10 766 671	336 156	1 057 845
91 - 120 Days	11 703 787	373 227	650 780
121 - 365 Days	14 165 382	297 486	671 366
+ 365 Days	246 656 788	2 726 564	18 086 411
Sub-total	317 102 414	7 829 994	26 806 113
Less: Provision for doubtful debts	(229 269 452)	(5 587 056)	(19 409 672)
Total debtors by customer classification	87 833 962	2 242 938	7 396 440
At 30 June 2018			
Restated			
Current (0 – 30 days)	8 347 904	1 972 258	2 379 186
31 - 60 Days	17 189 276	481 361	1 319 914
61 - 90 Days	10 128 601	188 552	1 030 286
91 - 120 Days	8 401 878	137 460	725 134
121 - 365 Days	13 564 214	98 512	802 944
+ 365 Days	192 084 913	1 499 363	15 368 717
Sub-total	247 736 987	4 377 706	21 316 981
Less: Provision for doubtful debts	(168 984 134)	(2 958 858)	(14 539 921)
Total debtors by customer classification	78 752 853	1 418 848	6 776 141

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R Restated	IDM 2018 R Restated
Water and Sewerage: Ageing				
Current (0 – 30 days)	33 595 548	33 595 548	12 999 325	12 999 325
31 - 60 Days	7 621 908	7 621 908	18 980 450	18 980 450
61 - 90 Days	12 179 372	12 179 372	11 347 639	11 347 639
91 - 120 Days	12 827 784	12 827 784	7 254 472	7 254 472
121 - 365 Days	15 037 236	15 037 236	14 186 970	14 186 970
+ 365 Days	289 370 763	289 370 763	208 902 884	208 902 884
Total	370 732 611	370 732 611	275 180 740	275 180 740
Reconciliation of the doubtful debt provision				
Balance at beginning of the year	(186 589 714)	(186 589 714)	(144 859 064)	(144 859 064)
Contributions to provision	(55 022 454)	(55 022 454)	(41 678 124)	(41 678 124)
Bad debts recovered/ Consumer Accounts Adjustments	(479 092)	(479 092)	(3 039 733)	(3 039 733)
Doubtful debts written off against provision	1 719 246	1 719 246	3 016 207	3 016 207
Waiver of Debt (Mandate) applied against the provision				
Balance at end of year	(240 372 015)	(240 372 015)	(186 589 714)	(186 589 714)

3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:				
Petty cash and cash on hand	44 715	44 000	44 570	44 000
Credit Card				
Bank statement balance	194 887 448	174 858 791	75 768 797	70 659 174
	194 932 164	174 702 791	75 813 567	70 703 174

The Municipality has the following bank accounts: -

Water Bank Account

ABSA Bank Account - Durban Branch
Account Number 4067878321 - Current Account

Cash book balance at beginning of year	24 068	24 068	24 068	24 068
Cash book balance at end of year	15 341	15 341	24 068	24 068
Bank statement balance at beginning of year	1 983 182	1 983 182		858 766
Bank statement balance at end of year	2 802 188	2 802 188	1 983 182	1 983 182

Sukuma Bank Account

First National Bank - Durban Branch
Account Number 62006302385 - Current Account

Cash book balance at beginning of year	1 553 521	1 553 521	(1 847 678)	(1 847 678)
Cash book balance at end of year	606 844	606 844	1 553 521	1 553 521
Bank statement balance at beginning of year	1 572 178	1 572 178	32 606	32 606
Bank statement balance at end of year	613 644	613 644	1 572 178	1 572 178

Main Bank Account

First National Bank Account - Durban Branch
Account Number 50851211648 : Current Account

Cash book balance at beginning of year	20 746 662	20 746 662	1 508 472	1 508 472
Cash book balance at end of year	11 361 214	11 361 214	20 746 662	20 746 662
Bank statement balance at beginning of year	20 759 130	20 759 130	1 523 674	1 523 674
Bank statement balance at end of year	11 412 206	11 412 206	20 759 130	20 759 130

Ravumba Bank Account

First National Bank - Durban Branch
Account Number 62106366722 : Current Account

Cash book balance at beginning of year	14 966 407	14 966 407	1 243 347	1 243 347
Cash book balance at end of year	23 213 486	23 213 486	14 966 407	14 966 407
Bank statement balance at beginning of year	12 983 561	12 983 561	414 843	414 843
Bank statement balance at end of year	29 180 328	29 180 328	12 983 561	12 983 561

Projects Bank Account

First National Bank - Durban Branch
Account Number 62045718541 - Current Account

Cash book balance at beginning of year	70 437	70 437	91	0
Cash book balance at end of year	745 782	745 782	70 437	70 437
Bank statement balance at beginning of year	95 908	95 908	51	51
Bank statement balance at end of year	745 782	745 782	95 908	95 908

Inter Bank Transfers

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
Enterprise Ilembe Rocablion - Trust Bank Account				
First National Bank Account - Kloof Branch Account Number 62347813471 - Current Account				
Cash book balance at beginning of year	205 218		205 219	
Cash book balance at end of year	204 873		205 218	
Bank statement balance at beginning of year	205 218		205 219	
Bank statement balance at end of year	204 873		205 218	
Enterprise Ilembe FNB Main Account - Stanger Branch				
First National Bank Account - Account Number 62460674077: Cheque Account				
Cash book balance at beginning of year	91		308 223	
Cash book balance at end of year	2 809 995		91	
Bank statement balance at beginning of year	91		308 223	
Bank statement balance at end of year	2 809 995		91	
First National Bank Account - VIP Account - Stanger Branch				
Account Number 62804908286: Corporate Cheque Account				
Cash book balance at the begining of the year				
Cash book balance at the end of the month	5 809 093			
Bank statement balance at the begining of the year				
Bank statement balance at the end of the month	5 809 093			
First National Bank Account - Business Investment Desk Branch				
Account Number 62602914139 - Call Account				
Cash book balance at beginning of year	16 111		6 683	
Cash book balance at end of year	0		16 111	
Bank statement balance at beginning of year	16 111		6 683	
Bank statement balance at end of year	0		16 111	
Investment Current Account				
ABSA Bank Account - Durban Branch Account Number 9114541258 : Call Account				
Bank statement balance at the begining of the year	631	631	1 134	1 134
Bank statement balance at the end of the year	636	636	631	631
Investment Current Account				
FNB Bank Call Account - Business Nott : 62129309837 Call account:				
Bank statement balance at the begining of the year	6 362 957	6 362 957	-	-
Bank statement balance at the end of the year	38 818 243	38 818 243	6 362 957	6 362 957
Investment Current Account				
ABSA Bank Account - Durban Branch Account Number 62773449985 : Call Account				
Bank statement balance at the begining of the year	-		-	
Bank statement balance at the end of the year	4 220 963	4 220 963		-
Investment Current Account				
FNB Call Account - Account Number 91065067093 - Call Account				
Bank statement balance at the begining of the year	9 996 661	9 996 661		
Bank statement balance at the end of the year	5 044 344	5 044 344	9 996 661	9 996 661
Investment Current Account				
First National Bank Account - Durban Branch Account Number 62773447726 : Call Account				
Bank statement balance at the begining of the year				
Bank statement balance at the end of the year	43 [illegible]	43 [illegible]		

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
Investment Current Account				
First National Bank Account - Durban Branch				
Account Number 62758068748 : Call Account				
Bank statement balance at the begining of the year	14 857 051	14 857 051		
Bank statement balance at the end of the year	22 723	22 723	14 857 051	14 857 051
Investment Current Account				
First National Bank				
Account Number 62773449452 : Call Account				
Bank statement balance at the begining of the year	57 224	57 224		
Bank statement balance at the end of the year				
Investment Current Account				
First National Bank Account - Durban Branch				
Specify (INVESTEC BANK (110043577457)):Call Account				
Bank statement balance at the begining of the year	978 685	978 685		
Bank statement balance at the end of the year			978 685	978 685
Investment Current Account				
First National Bank Account - Durban Branch				
Account Number 62773451306 : Call Account				
Bank statement balance at the begining of the year				
Bank statement balance at the end of the year	26 068 882	26 068 882		
Investment Current Account				
Standard Bank Account - Durban Branch				
Account Number 62796879206 : Call Account				
Bank statement balance at the begining of the year				
Bank statement balance at the end of the year	3 474 782	3 474 782		
Investment Current Account				
INVESTEC FIXED				
Specify (INVESTEC BANK (110043577503):Call Account				
Bank statement balance at the begining of the year				
Bank statement balance at the end of the year	1 322 623	1 322 623		
Investment Current Account				
Investec Bank Account - Durban Branch				
Account Number 62315582909 : Call Account				
Bank statement balance at the begining of the year	1 108 822	1 108 822	2 011 987	2 011 987
Bank statement balance at the end of the year	59 179 672	59 179 672	1 108 822	1 108 822
Investment Current Account				
Rand Merchant Bank Account				
Account Number 62773449929 : Call Account				
Bank statement balance at the begining of the year				
Bank statement balance at the end of the year	691 417	691 417		
First National Bank Account - Business Investment Bank Branch				
Account Number 74787678678 Fixed Maturity Notice				
Cash book balance at beginning of year	1 003 710			
Cash book balance at end of year			1 003 710	
Bank statement balance at the begining of the year	1 003 710			
Bank statement balance at the end of the year	0		1 003 710	
First National Bank Account - Business Investment Bank Branch				
Account Number 74787678161 Fixed Maturity Notice				
Cash book balance at beginning of year	1 000 000			
Cash book balance at end of year			1 000 000	

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
Bank statement balance at beginning of year	1 000 000			
Bank statement balance at end of year	-		1 000 000	
First National Bank Account - Business Investment Cash Branch Account Number 74799879781 Fixed Maturity Notice				
Cash book balance at beginning of year	805 994			
Cash book balance at end of year	-		805 994	
Bank statement balance at beginning of year	805 994			
Bank statement balance at end of year	-		805 994	

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
Investec - Grayston Drive Branch Account Number 1100546992500 Business Top5				
Cash book balance at beginning of year	2 078 498			
Cash book balance at end of year	-		2 078 498	
Bank statement balance at beginning of year	2 078 498			
Bank statement balance at end of year	-		2 078 498	
12.2.6 Investec - Grayston Drive Branch *Account Number 1100546992500 Business Top5*				
Cash book balance at the begining of the year Cash book balance at the end of the year	5 051 284			
Bank statement balance at the begining of the year Bank statement balance at the end of the year	5 051 284			
12.2.7 First National Bank Account - Business Investment Desk Branch *Account Number 62602914138*				
Cash book balance at the begining of the year Cash book balance at the end of the year	5 334 834			
Bank statement balance at the begining of the year Bank statement balance at the end of the year	5 334 834			
12.2.8 First National Bank Account - Business Investment Desk Branch *Account Number 62793930142*				
Cash book balance at the begining of the year Cash book balance at the end of the year	1 026 808			
Bank statement balance at the begining of the year Bank statement balance at the end of the year	1 026 808			
Credit card				
Petty cash and cash on hand	44 716	44 000	44 870	44 000
Total investments	150 328 971	138 625 276	35 209 691	33 306 238
Bank Statement Balance	44 557 477	35 733 518	37 656 348	37 353 937
Cash book balance at beginning of year	37 611 494	37 495 315	1 154 615	1 852 091
Cashbook balance at year end	44 602 416	35 978 739	37 911 494	37 495 315

4 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Total Other Debtors	-	-	-	-

5 OTHER NON-CURRENT FINANCIAL ASSETS

Investments in municipal entity - Enterprise Ilembe (Develop	-	100	-	100
% Holding Ordinary Shares: 100 @ R1 each		100%		100%

6 INVENTORIES

Opening balance of inventories:	8 290 327	7 917 309	13 029 068	13 029 068
Consumable stores - at Net Replacement Cost	7 084 209	6 771 191	12 106 477	12 106 477
Water	1 146 118	1 146 118	910 691	910 691
Movements:	3 373 305	3 373 305	(4 738 741)	(5 111 759)
Consumable stores	3 608 541	3 608 541	(5 333 285)	(5 333 285)
Water	(235 237)	(235 237)	235 237	235 237
Closing balance of inventories:	11 663 632	11 290 614	8 290 327	7 917 309
Consumable stores	10 693 412	10 379 732	7 084 209	6 771 191
Water	910 691	910 691	1 146 118	1 146 118

There is no inventory pledged as a security for liability.

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
7 NON-CURRENT RECEIVABLES				
Staff loans	193 321	193 321	457 897	457 897
Councillor A Baardman Salary Overpayment	334 763	334 763	382 102	382 102
Less: Provision for bad debts	-	-	-	-
Total	528 084	528 084	839 999	839 999

These loans were as a result of bursaries granted to certain staff members as part of a bursary scheme approved by council in previous financial years.

8 INVESTMENTS				
Financial Instruments				
ABSA zero coupon investment				
Long Term Investment			37 296 428	37 296 428
Current Term Investment	26 719 788	26 719 788		

This investment has been ceded as security against the long term loan from ABSA disclosed in Note 15.
The term of investment ends in May 2020 and it will be utilised to settle the ABSA Loan on Note 15.

10 PROPERTY, PLANT AND EQUIPMENT

10 Reconciliation of Carrying Value

	Land	Buildings	Agricultural Assets	Infrastructure Water & Sewer	Computer Equipment	Furniture & Office Equipment	Stationery & Equipment	Transport	Total	Old Total
	R	R	R	R	R	R	R	R	R	R
As at 1 July 2012	-									
Cost/Revaluation										
Correction of prior year error (note 51) - Cost										
Correction of prior year error (note 51) - Accumulated de										
Accumulated depreciation and impairment losses										
Additions										
Capital under Construction										
Depreciation										
Carrying value of disposals										
Cost/Revaluation										
Accumulated depreciation and impairment losses										
Impairment loss/Reversal of impairment loss										
Transfer Into Assets										
Transfer from WIP										
As at 30 June 2013										
Cost/Revaluation										
Accumulated depreciation and impairment losses										

The circumstances under impairment of Property Plant and Equipment were derived through verification and conditional assessment of assets.

There is no Property, Plant and Equipment pledge as security for liabilities.

Assets Under Construction is made up of the following:

Sandhoek Regional Wastewater Works	410 300
Sandhoek Riding Mats and Mandani Precipitation	422 229
Middle Fare Water Reuse Sanitation Project	434 474
TSP/12/2018	468 276
Mamelodi Water Supply Scheme Phase 8 Refurbishm	194 697
TSP/12/2017	833 359
Pump replacement	967 137
Corporate services	1 112 988
TSP/12/2017	1 447 913
Offices 6F - Waterside and shower - 300mm dia steeline	1 787 828
HWO 280 SEWERAGE TANKER	1 829 184
Tshwane	1 889 784
DAISYDOWN WATER BORNE SEWER	2 232 429
ELANDSJOE / WASTE WATER UPGRADE	3 712 182
Mahamole Wolmarans Sanitation Project PROFESSIONAL FEES	3 099 918

Offsite 7 - Blyvooruis 400mm dia pipeline
DARPL WWWTW UPGRADE
TB/199/2016 (Pump station)
Mooiriviert Water Supply Scheme
Lindsay Professional fees
TB199/RECLUSITION .
PMU PROFESSIONAL FEES N3
Hyde Park Developed Construction
Professional Fees Assmblr - Rezervoire
TB/199/2017
Contruction offsite for Blyvooruis Rus
TB199 ACQUISITION
TB199 ACQUISITION PUMPSTATION
TB/199/2017
TB/199/2017
Southern Regional BLK wtwkw
Professional Fees DWS
Professional fees DWPD consult
WONYANE EXTENSION
Professional Fees Stark Sonnes
TB/197/2016
Mooiriviersloop Water Supply Rehabilitation
Goedvalid Water Main and Blended Pumpstation TB 176/2017
TB199 ACQUISITION
TB/199/2017
TB/179/2017
Goedvalid Rising Main and Blended Pumpstation TB 176/2017
TB/94/2013
TB/79/2012 TB/572/2012 TB/97
Mooiriver Rehabilitation Rehabilitation Professional Fees
Mooiriver Water Supply Scheme
Mooiriver Rehabilitation Rehabilitation Rehabilitation Mandatate en
TB/172/2017 TB/200/2015 EXT Phase2
TB/199/2015

3 336 701
3 359 057
3 662 194
3 999 999
4 629 252
5,666 971
6 979 947
9 070 199
9 079 699
9 374 912
9 534 916
9 997 139
9 711 471
9 999 994
9 947 994
9 252 999
9 799 294
10 649 159
11 070 199
13 525 657
15 539 024
16 739 294
19 947 999
19 464 334
20 299 022
21 991 043
22 670 039
24 999 431
27 976 319
29 991 399
31 997 222
32 949 499
49 039 401
79 217 692

997 953 322

Capital Projects - Classified/Broken in Construction

Name of the Project

Nkwedini Town Development project has been put on hold due to the termination of the project contractor.

Amount under Construction (Work-in-Progress)	R'000 2015
Opening Balance at 1 July 2015	992 999 634
Additions	365 032 285
	626 949 919
Transferred to completed projects	(626 426 619)
Closing Balance at 30 June 2016	991 999 307

REPAIRS AND MAINTENANCE PER ASSET CLASSES	R'000 2016
Intangible Assets	5 134 997
Building	1 119 999
Other Assets	2 999 102
Infrastructure (Water & Sewer)	29 299 999
Total	29 299 119

Included in the carrying value are assets under construction to EI as follows:

Biodiesel Equipment (Diesel Reducing Plant) - The equipment was bought between the 2010/2011 and the 2011/2012 financial years as part of the biodiesel project funded by the department of COGTA, where the idea was to produce diesel using the moringa plant. The plant dried out during the drought season that affected the district and was subsequently wrote off during the 2016/2016 financial year. The agency made a submission to COGTA requesting the project to be written off and the equipment channeled to a new project under Bloemino - which was granted. The commissioning of the Bloemino project has commenced and will be completed in the 2016/2020 financial year.

Broadband (Computer Equipment) - The broadband project is also a project that happened between the 2010/11 and 2011/12 financial years, whereby the ICT infrastructure was installed, (incl. fiber optic cables). The total cost of rolling out this project was estimated to be about R400m, funding which has not materialized as yet.

Public Wifi (Computer Equipment) - The expenditure relates to the hardware that has been purchased for the installation of Public Wi-Fi. The project will be completed in 2016/2020

10 Reconciliation of Carrying Value

	Land	Buildings	Agriculture assets	Infrastructure Water & Sewer	Computer Equipment	Furniture & Office Equipment	Machinery & Equipment	Transport	Total	IDM Total
	R	R		R	R	R	R	R	R	R
As at 1 July 2017										
Cost/Revaluation										
Correction of prior year error (note 31) - Cost										
Correction of prior year error (note 31) - Accumulated depreciation and impairment losses										
Accumulated depreciation and impairment losses										
Acquisitions										
Capital under Construction										
Reclassification of asset costs										
Reclassification of accumulated depreciation										
Depreciation										
Carrying value of disposals										
Cost/Revaluation										
Accumulated depreciation and impairment losses										
Investment in/(removal of investment loss										
Transfers										
Transfer from WIP										
*Other movements										
As at 30 June 2018										
Cost/Revaluation										
Correction of prior year error (note 31) - Cost										
Correction of prior year error (note 31) - Accumulated depreciation and impairment losses										
Accumulated depreciation and impairment losses										

*Other movements consist of
Refer to Appendix B for more detail on property, plant and equipment.

11 HERITAGE ASSETS

11.1 Reconciliation of carrying value

	Moveable Objects	Total	IDM Total
		R	R
As at 1 July 2018	205 578	205 578	205 578
Cost	205 578	205 578	205 578
Accumulated impairment losses	-	-	-
As at 30 June 2019	205 578	205 578	205 578
Cost	205 578	205 578	205 578
Accumulated impairment losses	-	-	-

11.2 Reconciliation of carrying value

	Moveable Objects R	Total R	
As at 1 July 2017	205 578	205 578	205 578
Cost	205 578	205 578	205 578
Accumulated impairment losses	-	-	-
As at 30 June 2018	205 578	205 578	205 578
Cost	205 578	205 578	205 578
Accumulated impairment losses	-	-	-

12 INTANGIBLE ASSETS

12 Reconciliation of carrying value	Licenses	Computer Software R	Total R	IDM Total
As at 1 July 2018 - Restated	1 595 861	3 651 344	5 247 206	5 247 208
Cost	6 031 001	6 008 677	12 039 678	12 039 679
Prior year error		335 615	335 615	335 615
		(2 757)	(2 757)	-2 757
Accumulated amortisation and impairment loss	(4 435 139)	(2 690 191)	(7 125 330)	(7 125 329)
Acquisitions	3 111 087	-	3 111 087	3 111 087
Other Movements	-	-	-	-
Amortisation	(972 095)	(1 278 821)	(2 250 916)	(2 250 916)
Carrying value of disposals	(23)	(13 210)	(13 233)	(13 233)
Cost	(49 212)	(27 003)	(77 115)	(77 115)
Accumulated amortisation	49 190	14 692	63 882	63 882
Impairment loss/Reversal of impairment loss	-	-	-	
Transfers	-	-	-	-
Other movements	-	-	-	
As at 30 June 2019	3 734 831	2 359 313	6 094 146	6 094 145
Cost	9 092 876	6 316 369	15 409 265	15 409 266
Accumulated amortisation and impairment loss	(5 358 045)	(3 957 076)	(9 315 121)	(9 315 120)

12 Reconciliation of carrying value	Licenses R	Computer Software R	Total R	IDM Total R Restated
As at 1 July 2017	3 157 151	3 320 513	6 477 686.91	6 475 640
Cost	6 575 759	7 848 895	14 424 654	14 395 839
Prior year error (note 32)		-1 811 401.99	-1 811 402	-1 811 402
		2 961 958.24	2 961 958	2 961 958
Accumulated amortisation and impairment loss	(3 418 608)	(5 678 938)	(9 097 546)	(9 070 755)
Acquisitions	196 800	-	196 800	196 800
Other Movements				
Amortisation	(1 758 083)	(1 472)	(1 759 555)	(1 758 083)
Carrying value of disposals	(8)	555	547	(8)
Cost	(741 559)	28 816	(712 743)	-741 559
Accumulated amortisation	741 551	(28 261)	713 289	741 551
As at 30 June 2018	1 595 861	3 318 486	4 914 349.85	4 914 349
Cost	6 031 001	6 008 677	12 039 678	12 039 679
Accumulated amortisation and impairment loss	(4 435 139)	(2 690 191)	(7 125 330)	(7 125 329)

13 BIOLOGICAL ASSETS

13.1 Reconciliation of carrying value

	Moringa Plantation	Vineyards assets R	Total R	IDM Total R
As at 1 July 2018 - Restated		391 400	391 400	-
Cost		1 710 000	1 710 000	-
Accumulated amortisation and impairment losses		(1 318 600)	(1 318 600)	-
Gain on fair value		198 600	198 600	-
Amortisation		-	-	-
As at 30 June 2019		590 000	590 000	-
Cost		1 710 000	1 710 000	-
Accumulated amortisation and impairment losses		(1 120 000)	(1 120 000)	-

13.2 Reconciliation of carrying value

	Moringa Plantation	Biological Assets R	Total R	IDM Total R
As at 1 July 2017	-	390 000	390 000	-
Cost	-	1 710 000	1 710 000	-
Accumulated amortisation and impairment losses	-	(1 320 000)	(1 320 000)	-
Gain on fair value		1 400	1 400	-
Amortisation		-	-	-
Carrying value of disposals		-	-	-
Cost		-	-	-
Accumulated amortisation		-	-	-
Impairment loss/Reversal of impairment loss			-	-
Transfers			-	-
Other movements			-	-
As at 30 June 2018		391 400	391 400	-
Cost	0	1 710 000	1 710 000	-
Accumulated amortisation and impairment losses	0	(1 318 600)	(1 318 600)	-

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R Restated	IDM 2018 R Restated
14 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS				
Trade creditors	70 528 102	76 122 225	70 285 454	76 551 397
Debtors with credit balances	10 004 261	10 004 261	7 504 561	7 504 561
Bamba Enterprise				540 686
Provision and Impairment: Umngeni Capital Unit Charges	45 385 302	45 385 302	33 589 980	33 589 980
Staff leave accrual	16 498 023	14 856 753	13 680 585	13 680 585
Outstanding Payments	61 180	61 180	84 980	84 980
RD Cheques	42 150	42 150	42 150	42 150
Creditors Accruals	53 010 709	49 386 297	57 125 454	57 125 454
Other creditors	25 922 707	26 421 880	38 296 724	37 957 621
Consumer water deposits	5 374 618	5 374 618	5 251 958	5 251 958
13th Cheque	6 578 401	6 578 401	6 477 823	5 249 743
Vat payable	12 393 474,77	15 523 350		
Total creditors	250 614 925	247 684 851	241 290 551	237 034 269

The fair value of trade and other payables approximates their carrying amounts.

General Provisions

DESCRIPTION	AMOUNT
Umgeni Water / Spring Grove Dam Capital Unit Charges (CUC)	45 385 302,39
This is a historical matter where Umgeni water sanctioned construction of spring grove dam of which the construction costs were to be shared amongst its clients based on the principle of cross subsidization. Bamba district municipality previously disputed this charge on the basis that there was no direct benefit since the scheme in question did not feed to the lines supplying water to the district. The matter had been referred to SALGA for mediation and SALGA recommended that all the municipalities benefiting from Umngeni water distribution system should contribute (based on the cross subsidization principle) towards the construction costs of the spring grove dam but before doing so, an agreement must be entered between the two parties. Based on SALGA's recommendation, iLembe District Municipal Council has subsequently rescinded the previous council decision not to contribute. In rescinding this decision, the accounting officer was then mandated to facilitate signing of agreement with Umgeni water which should take into consideration reversing all previous charges, incorporating all payments previously made and determining the future payment plan. At the time of concluding compilation of the annual financial statements the matter was still under discussions with Umgeni water in terms of finalizing the agreement.	
Provision based on Umgeni Water claims submitted up to 30 June 2019	45 385 302,39

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
15 TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS				
Unspent Conditional Grants and Receipts				
Provincial Township Establishment	1 200 000	1 200 000	1 200 000	1 200 000
Water Services Infrastructure Grant	51 324 599	51 324 599		
RBIG	23 364 491	23 364 491	14 579 853	14 579 853
Massification Grant	830 597	830 597		
LHF Grant	3 871 605			
SASA Grant	23 224			
COGTA RASET Grant	3 759 707			
COGTA BIOMASS Grant	1 661 328			
COGTA YEP Grant	744 034			
COGTA Public Wi Fi Grant	1 517 867			
COGTA Mini Factories Grant	2 173 813			
Mashumulo IEC Grant			700 000	
District Growth and Development Summit - 2018	131 369		131 369	
Total Unspent Conditional Grants and Receipts	99 221 432	78 719 688	16 611 222	15 779 853
Non-current unspent conditional grants and receipts				
Current portion of unspent conditional grants and receipts	99 221 432	15 779 853	16 611 222	15 779 853

See Note 22 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

16 BORROWINGS

Development Bank of South Africa	44 772 360	44 772 360	49 218 336	49 218 336
ABSA	30 796 582	30 796 582	30 796 582	30 796 582
	75 568 942	75 568 942	80 015 000	80 015 000
Less : Current portion transferred to current liabilities	37 342 526	37 342 526	7 184 483	7 184 483
Development Bank of South Africa	6 646 964	6 646 964	7 184 483	7 184 483
ABSA	30 795 562	30 795 562		
Non current portion of borrowings	38 226 416	38 226 416	72 831 417	72 831 417

Development Bank of South Africa

Bear interest at rates between 9.02% and 11.04% per annum and are repayable every six months with the last repayment due on 30 September 2025.

ABSA Loan

Bears interest at 10.8% per annum, interest is paid quarterly and the loan is repayable in 2025.

Refer to Appendix A for more detail on borrowings.

The municipality currently has a loan commitment with ABSA amounting to R30million which expires in May 2020. The loan is secured by a sinking fund investment with ABSA currently valued at R28.7 million which appears Zero Coupon Investment on Note 8.

17 LEASES

17.1 FINANCE LEASE LIABILITY

For the period ended 30 June 2019 Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	Future insurance charges	Present value of minimum lease payments R
Within one year	3 035 219,60	563 609	613 640	1 887 971
Within two to five years	423 113,41	22 522	85 803	314 989
	3 458 333	575 931	699 442	2 182 960
Less: Amount due for settlement within 12 months (current portion)				1 887 971
				314 989

Minimum Lease payments	GROUP	IDM	GROUP	IDM
Capital amount within one year	2 785 935	1 867 971	897 471	897 471
Capital amount within one year	1 475 734	314 989	13 428 848	13 428 848
	4 261 669	2 182 960	14 124 319	14 124 319

The leases are for computers equipment that are utilised in the course of performing the Municipality's powers and functions.

Computer equipment leases are for three years. The interest rate charged is linked to the prime rate. The termination date is 30 September 2020. The leases are repaid monthly and include maintenance and insurance. At termination of the leases the computer equipment revert to the lessor.

The Entity leases its motor vehicles with Avis and due to the substance of these agreements, they are recognized and disclosed as finance leases. The lease term is 36 months and the interest rate implicit on the agreement is 0,065% per month. Interest rates are generally considered to be fixed at the contract date given the nature of the agreement. All leases have fixed repayments.

The Entity leases its motor vehicles with Avis and due to the substance of these agreements, they are recognized and disclosed as finance leases. The lease term is 36 months and the interest rate implicit on the agreement is 0.065% per month. Interest rates are generally considered to be fixed at the contract date given the nature of the agreement. All leases have fixed repayments.

as at 30 June 2018 Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	Future finance charges R	Present value of minimum lease payments R
Within one year	2 759 280	1 112 739	557 554	1 088 887
Within two to five years	3 458 333	576 931	369 442	2 182 960
Adjustment	-	-	-	
	6 217 629	1 688 670	1 267 297	3 271 857
Less: Amount due for settlement within 12 months (current portion)	2 759 280,45	1 112 739	557 554	1 088 887
				2 182 960

The leases are for a variety of motor vehicles and computers equipment that are utilised in the course of performing the Municipality's powers and functions.

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R

Computer equipment leases are for three years. The interest rate charged is linked to the prime rate. The termination date is 30 September 2020. The leases are repaid monthly and include maintenance and insurance. At termination of the leases the computer equipment revert to the lessor.

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
17.2 OPERATING LEASES				
Lease of Motor Vehicles			10 765 079.00	7 666 666.00
At reporting date, the Municipality has a month on month contract with Wesbank for the lease of motor vehicles. The contract had been initially entered into in October 2016 for a period of 36 months which expired in October 2017. The contract was initially classified as a finance lease and, upon expiry of the initial contract, this was classified as an operating lease (on the basis of the contract having been modified to month on month). There is no future financial commitment to be disclosed due to there being no fixed term contractual obligation. At 30 June 2018, the amount disclosed is for 5 months while it is 12 months for the financial year under review.				
Photocopiers & Printers				
At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:				
These amounts are the actual amounts per lease contracts after applying straightlining averaged over 36 months				
Within one year	2 304 843	2 166 137	1 080 615	1 028 181
In the second to fifth year inclusive	3 863 822	3 615 561		
After five years	-	-		
Total	6 168 665	5 781 698	1 080 615	1 028 181
Included in the above commitments are the operating lease liabilities in lieu of differences between actual payments made based on the contractual obligation for actual services consumed and the deemed straight lining of rental amounts over 36 months.				
The entity entered into a lease agreement for machinery (contract for 5 printing machines) which is for the period 01 April 2019 to 31 March 2022.				
Operating Lease Liabilities	812 992.38	812 992.38	337 032.50	337 032.50
Operating lease payments represent rentals payable by the municipality for *premises/properties*.				
The lease was negotiated for periods ranging from 01 March 2019 months to 28 February 2022. The rentals escalation will be 10% on the Annual Anniversary of the contract.				
18 SERVICE CHARGES				
Sale of water	116 672 500	116 672 500	94 899 255	94 899 255
Sewerage and sanitation charges	37 387 757	37 387 757	36 189 103	36 189 103
Revenue Forgone	(919 641)	(919 641)	(837 043)	(837 043)
Total Service Charges	153 140 616	153 140 616	130 251 315	130 251 315
Sale of water is broken down into prepaid sales and conventional meters water sales.				
18.1 Sale of Water				
Prepaid water sales	17 221 201	17 221 201	42 347 451	42 347 451
Conventional meters water sales	99 451 300	99 451 300	52 551 804	52 551 804
	116 672 500	116 672 500	94 899 255	94 899 255
Revenue Forgone	(919 641)	(919 641)	(837 043)	(837 043)
Total Water Sales	115 752 859	115 752 859	94 062 212	94 062 212
19 RENTAL OF FACILITIES AND EQUIPMENT				
iLembe Auditorium	22 689	22 689	9 676	9 676
Rental of facilities	84 348	-	66 087	
Total rentals	107 037	22 689	75 763	9 676
20 INTEREST EARNED - BANK BALANCES				
Bank	13 134 782	12 284 945	9 339 519	9 066 492
21 INTEREST EARNED - OUTSTANDING RECEIVABLES				
Interest on debtors	25 768 686	25 768 686	15 452 338	15 452 338
22 GOVERNMENT GRANTS AND SUBSIDIES				
Operational Grants				
Equitable share	466 600 049	466 600 049	419 734 000	419 734 000
MIG Grant	29 992 147	29 992 147	36 932 602	36 932 602
Other Government Grants and Subsidies	2 731 000	2 731 000	2 250 000	2 250 000
Capital Grants				
WSIG	49 175 401	49 175 401	59 644 763	59 644 763
Municipal Infrastructure Grant	164 510 853	164 510 853	178 281 015	178 281 015
Other Government Grants and Subsidies	93 232 744	91 101 765	114 431 356	113 465 030
Total Government Grant and Subsidies	807 243 194	799 111 215	809 273 736	808 307 409
22.1 Equitable Share				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	466 600 049	466 600 049	419 734 000	419 734 000
Conditions met - transferred to revenue	(466 600 049)	(466 600 049)	(419 734 000)	(419 734 000)
Conditions met	-	-	-	-
22.2 Municipal Infrastructure Grant				
Balance unspent at beginning of year	(0)	(0)	(16 109 483)	(16 109 483)
Current year receipts	188 503 000	188 503 000	196 126 000	196 126 000
Conditions met - transferred to revenue - OPEX	(23 992 147)	(23 992 147)		
Conditions met - transferred to revenue - CAPEX	(164 510 852)	(164 510 852)	(180 016 508)	(180 016 508)
Adjustments and Transfers				
Conditions met - balance remain in transfer payments debtors (see note 4)	-0	-0	[0]	[0]
22.3 MASSIFICATION GRANT				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	5 000 000	5 000 000	-	-
Conditions met - transferred to revenue	(5 169 403)	(5 169 403)	-	-
Adjustments and Transfers				
Conditions still to be met - remain liabilities (see note 15)	630 597	630 597	-	-

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
22.6 REGIONAL BULK INFRASTRUCTURE GRANT - LTBWSS				
Balance unspent at beginning of year	(14 579 853)	14 579 853	(27 423 456)	(27 423 456)
Current year receipts	145 000 000	78 446 000	145 000 000	145 000 000
Conditions met - transferred to revenue	(102 996 691)	(69 661 362)	(102 996 691)	(102 996 691)
Adjustments and Transfers	-	-	-	-
Conditions still to be met - remain liabilities (see note 15)	27 423 456	23 364 491	14 579 853	14 579 853
22.5 RURAL TRANSPORT SERVICE				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	2 271 000	2 271 000	-	-
Conditions met - transferred to revenue	(2 271 000)	(2 271 000)	-	-
Adjustments and Transfers	-	-	-	-
Conditions met	-	-	-	-
22.7 TOWN PLANNING GRANT				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	-	-	300 000	300 000
Conditions met - transferred to revenue	-	-	(300 000)	(300 000)
Adjustments and Transfers	-	-	-	-
Conditions met	-	-	-	-
22.8 WATER SERVICES INFRASTRUCTURE GRANT				
Balance unspent at beginning of year	-	-	(3 926 174)	(3 926 174)
Current year receipts	100 500 000	100 500 000	62 500 000	62 500 000
Conditions met - transferred to revenue	(49 175 401)	(49 175 401)	(58 571 826)	(58 571 826)
Adjustments and Transfers	-	-	-	-
Conditions still to be met - remain liabilities (see note 15)	51 324 599	51 324 599	-	-
22.9 PROVINCIAL TOWNSHIP ESTABLISHMENT				
Balance unspent at beginning of year	1 200 000	1 200 000	962 942	962 942
Current year receipts	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-
Adjustments and Transfers	-	-	237 058	237 058
Conditions still to be met - remain liabilities (see note 15)	1 200 000	1 200 000	1 200 000	1 200 000
22.12 FINANCIAL MANAGEMENT GRANT				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	1 250 000	1 000 000	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 000 000)	(1 250 000)	(1 250 000)
Adjustments and Transfers	-	-	-	-
Conditions met	-	-	-	-
22.13 ENERGY EFFICIENCY AND DEMAND-SIDE				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	7 000 000	7 000 000	8 000 000	8 000 000
Conditions met - transferred to revenue	(7 000 000)	(7 000 000)	(8 000 000)	(8 000 000)
Conditions met	-	-	-	-
22.14 EXPANDED PUBLIC WORKS PROGRAMME				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	1 000 000	1 731 000	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 731 000)	(1 000 000)	(1 000 000)
Adjustments and Transfers	-	-	-	-
Conditions met	-	-	-	-
22.16 *Grant COGTA BIOMASS Grant*				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	4 347 826	-	-	-
Conditions met - transferred to revenue	(2 686 500)	-	-	-
Adjustments and Transfers	-	-	-	-
Conditions still to be met - remain liabilities (see note 15)	1 661 326	-	-	-
22.17 *Grant COGTA RASET Grant*				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	4 347 826	-	-	-
Conditions met - transferred to revenue	(586 119)	-	-	-
Adjustments and Transfers	-	-	-	-
Conditions still to be met - remain liabilities (see note 15)	3 760 707	-	-	-
22.18 *Grant SASA*				
Balance unspent at beginning of year	-			
Current year receipts	220 000			
Conditions met - transferred to revenue	(197 776)			
Adjustments and Transfers	-			
Conditions still to be met - remain liabilities (see note 15)	22 224	-	-	-
22.20 Grant Ilembe District Municipality - Tourism				
Balance unspent at beginning of year	(0)		501 263	
Current year receipts	1 950 000		1 636 851	
Conditions met - transferred to revenue	(1 950 000)		(2 138 206)	
Adjustments and Transfers	-		-	
Conditions still met	(0)	-	(0)	-

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
22.21 Maphumulo IEC Grant				
Balance unspent at beginning of year	-		-	
Current year receipts	700 000		700 000	
Conditions met - transferred to revenue	(697 500)		-	
Adjustments and Transfers	(2 500)		-	
Conditions met	-	-	700 000	-
22.22 Development of SMMEs				
Balance unspent at beginning of year	-		-	
Current year receipts	3 980 000		500 000	
Conditions met - transferred to revenue	(3 980 000)		(500 000)	
Adjustments and Transfers	-		-	
Conditions met	-	-	-	-
22.23 *Grant COGTA Public Wi Fi Grant*				
Balance unspent at beginning of year	-		-	
Current year receipts	2 173 913			
Conditions met - transferred to revenue	(856 246)			
Adjustments and Transfers				
Conditions still to be met - remain liabilities (see note 15)	1 317 667	-	-	-
22.24 *Grant COGTA Mini Factories Grant*				
Balance unspent at beginning of year	-		-	
Current year receipts	2 173 913			
Conditions met - transferred to revenue				
Adjustments and Transfers				
Conditions still to be met - remain liabilities (see note 15)	2 173 913	-	-	-
22.25 *District Growth and Development Summit 2018 - COGTA*				
Balance unspent at beginning of year	131 369		-	
Current year receipts			300 000	
Conditions met - transferred to revenue			(168 631)	
Adjustments and Transfers	-		-	
Conditions still to be met - remain liabilities (see note 15)	131 369	-	131 369	-
22.26 *15.5 COGTA YEP Grant*				
Balance unspent at beginning of year	-		-	
Current year receipts	869 665			
Conditions met - transferred to revenue	(125 631)			
Adjustments and Transfers	-		-	
Conditions still to be met - remain liabilities (see note 15)	744 033	-	-	-
22.27 12.17 Tourism King Shaka Route				
Balance unspent at beginning of year	0		57 001	
Current year receipts			(54 800)	
Conditions met - transferred to revenue			(2 200)	
Adjustments and Transfers			-	
	0	-	0	-
22.28 Grant Ilembe District Municipality - LED				
Balance unspent at beginning of year	-		199 999	
Current year receipts	3 050 000		3 383 000	
Conditions met - transferred to revenue	(3 050 000)		(3 582 999)	
Adjustments and Transfers	-		-	
Conditions met	-	-	-	-
22.29 *15.10 Growth UIF Grant*				
Balance unspent at beginning of year				
Current year receipts	15 870 812			
Conditions met - transferred to revenue	(11 999 307)			
Conditions still to be met - remain liabilities (see note 15)	3 871 505		-	

23 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

23.1 Other income				
Tender Documents	200 244	200 244	480 192	480 192
Telephone recovered	-	-	-	-
Clearance certificates	1 574 695	1 574 695	1 312 108	1 312 108
Private developers	238 768	238 768	-	-
Siza Water Concession	1 784 837	1 784 837	2 140 643	2 140 643
LG Seta Income	380 432	380 432	-	-
Enterprise Ilembe				866 693
Shared Service	2 117 888	2 117 888	4 066 152	4 066 152
Bad debt Recovered,Air valve Installation,Commission	86 855	86 855	248 499	246 499
KwaDukuza Municipality	206 450		55 757	
Wine sales	84 169		47 778	
Insurance refunds	121 625			
Africa Ignite	328 008			
Tourism KZN	397 540			
Other income	30 003		2 200	
	7 480 552	5 381 298	8 332 358	8 022 485

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
23.2 Fines and Penalties				
Illegal Connections	113 559	113 559	86 551	86 551
Water Tampering	31 668	31 668	202 259	202 259
Atmospheric Emission	15 520	15 520	77 600	77 600
Licences and Permits	6 269	6 269		
Disconnections	8 160	8 160	13 828	13 828
	175 676	175 676	380 438	380 438
23.3 Gain / (loss) on sale of assets				
Loss on sale of assets	6 935 691	6 818 516	360 534	351 969
Gain on sale of assets	(747 570)			
Total Gain / (loss) on sale of assets	6 188 121	6 818 516	360 534	351 969
23.4 Sale of Produce				
Supply of vegetables - NSNP	21 371 978		18 031 479	
Wine sales				
	21 371 978	-	18 031 479	-

The Entity has a contract with the Department of Education (DOE) for the supply of vegetables to schools within iLembe District. DOE and the Entity signed a 3 year SLA commencing on 1 July 2017. In April 2018, the Entity was requested to supply Amasi to the schools up to June 2019.

24 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	148 435 832	132 742 691	133 126 925	120 569 509
Employee related costs - Contributions for UIF, pensions and medical aids	30 797 845	29 821 412	27 877 077	27 009 458
Travel, motor car, accommodation, subsistence and other allowances	6 435 601	6 241 523	5 967 783	5 806 417
Housing benefits and allowances	586 591	586 591	553 712	553 712
Overtime payments	3 423 648	3 423 648	9 085 370	9 085 370
Performance and other bonuses	10 112 585	10 112 585	9 109 580	9 109 580
Long-service awards	1 079 325	1 079 325	734 000	734 000
Telephone Allowance	1 472 970	1 472 970		
Payments in lieu of Leave	3 172 839	2 867 854		
Non-Pension	7 361 178	7 361 178		
Other employee related costs	9 358 615	7 850 202	17 837 011	17 371 629
Employee Related Costs	229 237 209	202 190 959	201 222 369	186 865 671

There were no advances to employees

Remuneration of the Municipal Manager				
Annual Remuneration	780 480	780 480	113 633	113 633
Travel, motor car, accommodation, subsistence	78 829	78 829	14 783	14 783
Contributions to UIF, Medical and Pension Funds and other allowances	61 933	61 933	297	297
13th Cheque Provision	-	-	8 279	8 279
	-	-	120 454	120 454
Total	919 052	919 052	257 346	257 346

The Municipal Manager position was filled in August 2018

Remuneration: CEO Enterprise Ilembe				
CEO (N Nkwanyana - appointed June 2017)	1 525 486		1 442 396	
UIF	1 785		1 785	
Total	1 527 272	-	1 444 181	-

Remuneration of the Chief Financial Officer				
Annual Remuneration	1 036 722	1 036 722	606 577	606 577
Travel, motor car, accommodation, subsistence	75 838	75 838	54 000	54 000
Contributions to UIF, Medical and Pension Funds and other allowances	1 785	1 785	1 338	1 338
Performance Bonus	-	-	-	-
Total	1 114 395	1 114 395	661 915	661 915

Remuneration: CFO Enterprise Ilembe				
Annual Remuneration	1 281 676		990 389	
Travel, motor car accommodation, subsistence	42 100		60 000	
Medical Aid	43 356		35 017	
Pension Fund	186 743		43 832	
UIF	1 785		1 785	
Total	1 359 400	-	1 130 022	-

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
Remuneration of the Head: LED				
Annual Remuneration	1 051 986		730 606	
Car and other allowances	58 704		219 182	
Medical Aid	31 985		30 954	
Pension Fund	91 465		21 373	
UIF	1 785		1 785	
Total	1 236 923	-	1 003 897	-
Remuneration of the Manager: Tourism, Market and Communication				
Annual Remuneration	954 405		718 859	
Car and other allowances	80 674		172 944	
Medical Aid	43 956		38 435	
Pension Fund	65 681		24 850	
UIF	1 785		1 785	
Total	1 148 701	-	956 872	-

Remuneration of Individual Executive Directors	Technical Services R		Corporate Services R		Corporate Governance R
For the period ended 30 June 2019					
Annual Remuneration	315 831		509 440		592 188
Travel, motor car, accommodation, subsistence and other allowances	50 000		137 009		32 100
Contributions to UIF, Medical and Pension Funds	23 471		62 857		1 190
Performance Bonus	-		-		-
Total	389 302	-	709 306	-	625 478

	Technical Services R		Corporate Services R		Corporate Governance R
As at 30 June 2018					
Annual Remuneration	1 171 721		897 558		210 893
Travel, motor car, accommodation, subsistance and other allowances			283 379		13 600
Contributions to UIF, Medical and Pension Funds	1 636		85 417		448
Performance Bonus	12 782		36 964		97 900
Total	1 186 139	-	1 303 313	-	319 839

The position for Director: Technical Services is currently vacant.

25 REMUNERATION OF COUNCILLORS

Mayor	1 047 528	1 047 528	1 008 808	1 008 808
Deputy Mayor	846 192	846 192	815 208	815 208
Speaker	846 192	846 192	815 208	815 208
Chief Whip	-	-		
Executive Committee Members	2 205 182	2 205 182	2 082 183	2 082 183
Councillors' Allowances	3 658 774	3 658 774	3 474 625	3 474 625
Councillors' pension and medical aid contributions	-		209 784	209 784
Total Councillors' Remuneration	8 603 847	8 603 847	8 405 812	8 405 812

24.1 MAYOR

Allowances and Service Related Benefits			
Basic Salary	700 483		687 825
Cell phone Allowance	40 800		40 800
Market Related Non-Pensionable Allowance	206 411		39 060
Travelling Allowance	100 834		242 002
Use of Personal Facilities	-		
Social Contributions			
Medical Aid Benefits	-		
Pension Fund Contributions	-		-
Total	1 047 528	-	1 008 808

24.2 DEPUTY MAYOR

Allowances and Service Related Benefits			
Basic Salary	604 037		550 634
Cell phone Allowance	40 800		40 800
Housing Allowance	-		
In-kind Benefits	-		-
Market Related Non-Pensionable Allowance	27 381		25 328
Motor Vehicle Allowance	-		-
Office-bearer Allowance	-		-
Out of pocket Expenses	-		-
Travelling Allowance	173 885		197 274
Use of Personal Facilities	-		-
Social Contributions			
Medical Aid Benefits	-		-
Pension Fund Contributions	-		-
Total	846 192	-	815 208

24.3 SPEAKER

Allowances and Service Related Benefits			
Basic Salary	687 451		659 678
Cell phone Allowance	40 800		40 800
Housing Allowance	-		-
In-kind Benefits	-		-
Market Related Non-Pensionable Allowance	78 536		35 817
Motor Vehicle Allowance	-		-
Office-bearer Allowance	-		-
Out of pocket Expenses	-		-
Travelling Allowance	139 905		179 811
Use of Personal Facilities	-		-
Social Contributions			
Medical Aid Benefits	-		-
Pension Fund Contributions	-		-
Total	846 192	-	815 208

24.4 EXECUTIVE COMMITTEE

Allowances and Service Related Benefits			
Basic Salary	1 474 839.90		1 428 501.76
Cell phone Allowance	122 400.00		129 200.00
Housing Allowance	-		-
In-kind Benefits	-		-
Market Related Non-Pensionable Allowance	257 572.68		291 243.12
Motor Vehicle Allowance	-		-
Office-bearer Allowance	-		-
Out of pocket Expenses	-		-
Travelling Allowance	231 372.08		236 238.30
Use of Personal Facilities	-		-
Social Contributions			
Medical Aid Benefits	-		-
Pension Fund Contributions	119 165.07		116 460.68
Total	2 205 182	-	2 197 634

	GROUP 2018 R	IDM 2018 R	GROUP 2018 R	IDM 2018 R
24.8 ALL OTHER COUNCILLORS				
Allowances and Service Related Benefits				
Basic Salary		2 297 369.77		2 239 198.64
Cell phone Allowance		286 800.00		286 800.00
Housing Allowance		-		-
In-kind Benefits		-		-
Market Related Non-Pensionable Allowance		430 180.20		413 834.90
Motor Vehicle Allowance		-		-
Office-bearer Allowance		-		-
Out of pocket Expenses		-		-
Travelling Allowance		557 637.47		536 093.67
Use of Personal Facilities		-		-
Social Contributions				
Medical Aid Benefits		-		-
Pension Fund Contributions		96 056.14		94 313.60
Total		3 868 774	-	3 569 230

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretaries' support at the cost of the Council.

The Mayor, Deputy Mayor and Speaker has use of the Council owned vehicle for official duties. The Mayor has 4 full-time Protectors.

REMUNERATION OF BOARD MEMBERS:

Attendance fees at meetings:

KS Shandu - Chairperson	(Appointed November 2015)	121 483		109 423	
AT Ntsele - Deputy Chairperson	(Re-Appointed February 2017)	90 437		90 437	
D Nene	(Appointed November 2017)	93 437		90 437	
JC Cebekhe	(Re-appointed February 2017)	92 420		77 420	
ZS Gumede	(Appointed February 2017)	95 420		74 420	
N Mngadi	(Appointed February 2017)	77 420		74 420	
S Mngadi	(Appointed February 2018)	69 420		34 264	
Total Board Members' Remuneration		884 017	-	550 858	-

29 DEPRECIATION, IMPAIRMENT AND AMORTISATION EXPENSE

Depreciation	97 938 902	98 656 234	81 310 289	80 148 130
Impairment of Assets	6 249 788	6 220 604	(116 682)	(116 682)
Intangible assets	2 250 616	2 250 916	1 789 555	1 756 083
Total Depreciation, Impairment and Amortisation	106 437 307	104 329 755	82 983 161	81 789 595

The impairment recognized mainly relates to impairment of infrastructure assets due to significant changes in the remaining useful lives of these assets.

27 FINANCE COSTS

Borrowings	7 187 025	7 187 025	8 382 842	8 382 842
Leases	997 599	997 599	2 182 764	2 182 764
Total Finance Costs	8 184 624	8 184 624	10 565 607	10 565 607

28 BULK PURCHASES

Water	150 578 471	150 578 471	88 506 812	88 506 812
Total Bulk Purchases	150 578 471	150 578 471	88 506 812	88 506 812

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
29 CONTRACTED SERVICES				
Contracted services for:				
National Schools Nutrition Programme	18 025 556		19 757 647	
Plant Hire	30 832 776	30 832 776	23 372 358	23 372 358
Security	29 716 457	28 920 978	21 805 090	21 805 090
VIP Toilets Expenditure (MIG Operational)	20 982 736	20 982 736	26 532 283	26 532 283
Rural Roads Assets Systems Management Grant (RRAMS) Expenditure	1 976 725	1 976 725	1 976 009	1 976 009
Consulting and Professional Fees	4 841 970	-	2 191 089	1 634 849
Cleaning services	966 914	793 090	958 594	883 712
Internal Audit	242 961	31 000	35 860	35 860
Salga games	207 033	207 033	8 050	8 050
SAGE VIP LICENSE SLA	121 266	121 266	113 333	113 333
ANALYSIS OF WATER AND EFFLUEN	7 884 891	7 884 891	-	
EEDSM IMPLEMENTATION - RETROFIT CONTRACTOR	4 317 338	4 317 338	-	
medical support heritage day	836	836	-	
EPWP grass cutting	1 011 003	1 011 003	264 788	264 788
EPWP Grass cutting - EPWP Funded	2 306 188	2 306 188	848 142	848 142
Hygiene services	99 474	99 474	176 455	176 455
Delegancy to clean vector control tools	4 840	4 840	-	
RISK MANAGEMENT AWARENESS	33 921	33 921	-	
Occupational Health and Safety	317 930	317 930	180 750	180 750
CONSUMER DATA ANALYTICS	636 210	636 210	736 680	736 680
LM SUPPORT	170 400	170 400	171 841	171 841
medical services provided on SALGA games	10 428	10 428	248 224	248 224
YOUTH PROGRAMME	147 917	147 917	248 224	248 224
EAP Staff Awards Sound	2 139	2 139	5 085	5 085
EAP Councilling Referrals to Psychologist	13 600	13 600	13 650	13 650
AUDIT COMMITTEE	299 390	194 390	254 627	169 499
PAYROLL SUPPORT	100 954	100 954	179 473	179 473
consulting asset management	475 560	475 560	834 415	834 415
MUNSOFT CONSULTING FEES	699 099	699 099	-	
RISK MANAGEMENT COMMITTEE	21 838	21 838	43 320	43 320
MEDICAL EXAMS	25 900	25 900	7 020	7 020
EEDSM Consulting fees (EEPSP)	612 127	612 127	-	
EEDSM Consulting fees (Project Planning)	944 348	944 348	-	
FOOD SAMPLING	82 113	82 113	35 852	35 852
Legal Fees	1 889 351	1 612 702	1 446 867	1 432 573
Golden game district selections	23 000	23 000	8 050	8 050
Catering Services	481 159	379 589	296 680	206 745
New Meter Connection	1 182 312	1 182 312	-	
Repairs and Maintenance Contracted	13 782 480	12 891 434	41 540 606	39 460 807
	144 974 149	119 319 073	139 586 326	123 220 209
31 GENERAL EXPENSES				
Included in general expenses are the following:-				
Advertising	1 909 085	1 506 780	1 824 930	1 183 616
Admin fees	-	-	-	-
Audit fees	3 943 985	3 277 397	3 039 039	2 666 637
Bank charges	482 919	428 898	466 478	430 291
Bursaries	204 132	204 132	-	
Broadband xpenditure	27 632	-	11 548	-
Fuel and oil	10 367 907	10 022 362	13 255 407	13 004 083
Insurance	2 570 819	2 570 819	2 330 891	2 330 891
Licence fees - vehicles	117 266	117 266	134 023	134 023
Licence fees - computers	-	-	-	-
Membership fees	2 333 049	2 333 049	2 100 316	2 100 316
Parking	-	-	-	-
Postage	2 067 423	2 060 858	1 419 115	1 404 784
Disaster Management	112 450	112 450	447 936	276 297
Printing and stationery	263 419	149 380	278 726	106 516
Professional fees	-	-	-	-
Property rates	369 699	329 699	626 087	626 087
Lease of machinery and equipment	72 719	-	48 650	-
Subscription & publication	191 641	-	140 572	-
Purchase of Wine	39 338		39 575	
Conference and workshop	86 410		43 048	
Development of SMMEs	417 234	3 544 165	621 281	
Interest and Penalties	20 027		57 975	
Marketing, Communication & Investments	1 928 453		475 434	
Telephone cost	578 197	111 148	403 477	123 267
Training	6 444 706	121 739	90 059	
Transport claims	-	-	-	-
Travel and subsistence	3 928 128	2 540 327	1 405 553	606 696
Uniforms & overalls	1 669 184	1 632 191	153 130	153 130
Expenditure: Operational Cost: Indigent Relief	-	-	2 465 143	2 465 143
Water and Sanitation	4 982 855	4 982 855	1 365 016	1 365 016
Water and Electricity	26 820 020	26 537 231	28 993 851	25 900 009
Mechanization	1 114 624	-	366 475	-
LED Projects	257 350	26 905 282	-	24 888 482
Salga games			-	
Tourism events and activations	1 345 000	-	1 976 153	-
Consumables (Repairs and Maintenance)	7 360 116	7 360 116	15 690 928	15 690 928
Operational Cost (Repairs and Maintenance)	5 295 192	5 295 192	2 277 016	2 277 016
Shared Services	-	-	483 804	483 804
Vehicle Hire	19 894 182	19 784 080	7 068 688	7 068 688
Siza Water	-	-	174 000	174 000
Admin Costs/Consumables	64 286			
Projects Expenditure	4 756 529			
LIIF Learner Stipends	2 042 000			
Audit Committee	-			
Winery Operations	9 975		9 975	
Other	16 011 908	14 089 325	15 835 344	13 943 181
	129 211 508	136 199 878	106 746 992	122 374 776

		GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
31.1	**Repairs and Maintenance**				
	Repairs and Maintenance is made up of the following:				
	Consumable - Inventory	12 665 306	12 665 308	15 690 928	15 690 928
	Contracted Services	14 814 821	12 991 434	41 822 078	41 668 991
	Total Expenditure on Repairs and Maintenance	27 609 129	25 376 742	56 513 006	57 380 919

32	**CORRECTION OF PRIOR YEAR ERRORS, CHANGE IN ACCOUNTING POLICY AND ADJUSTMENTS**				
	Property, plant and equipment				
	Prior year error				
	Trade and other Receivables from exchange transactions				
	VAT not claimed when payment was made				
	Correction of prior year transactions-Debtors				
	Revenue billing and Indigent rebates adjustments				
	GRAP 104 Adjustment				
	Trade and other Payables				
	Provision for contribution to Capital Unit Charges, Umngeni			(40 139 754)	(40 139 754)
	Correction of prior year trade creditors.			(36 172 374)	(36 172 374)
	Other			439 630	
				(76 872 498)	(76 312 128)
	Property, plant and equipment				
	Prior year error on recognition of intelligent meters			(71 143 429)	(71 143 429)
	Change in estimate			3 800 991	3 800 991
	Correction of prior year error on assets			(10 119 946)	(10 119 946)
	Recognition of depreciation for projects completed in prior year			(11 828 447)	(11 828 447)
	Correction of leased computer Equipment			50 107.78	50 168
	Trade and other Receivables from exchange transactions				
	Correction of prior year transactions-Debtors			1 386 096.40	1 378 073
	Vat Receivables			(182 134)	
	Cash & cash equivalents				
	Recovery of study loan fees relating to prior years			344 904.65	344 905
	Other			(275)	
	Trade and other Creditors				
	Reversal of prior year accruals			(2 333 102)	(2 333 102)
	Correction of prior year trade creditors			1 009 026.14	1 009 026
	Correction of prior year classification on non exchange receivables (MIG & WSIG)			(1 424 526)	(1 424 526)
	Trade and Other Payables			(1 568 309)	
	Provision and Impairment:Litigation			(6 177 849)	(6 177 849)
				(96 188 889)	(96 444 197)

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
51.3 RECLASSIFICATIONS				
The category of heritage assets has been reclassified from property, plant and equipment and presented separately on the statement of financial position and note in the annual financial statements.				
Payables				
Interbank transfers has been reclassified from cash and cash at bank to payables under current liabilities				
Other Income				
Fines and penalties have been reclassified as Fire and penalties from other income under other income				
Water tampering kwadukuza	-	-	202 259	202 259
Fines illegal connections	-	-	88 551	88 551
Atmospheric emission lic fee	-	-	77 800	77 800
Water disconnection re-endeni	-	-	13 828	13 828
Service Charges				
Private developer KwaDukuza has been reclassified from other revenue to service charges in the statement of performance	-	-	2 674 023	2 674 023
Repairs and Maintenance				
Other repairs from Repairs and Maintenance have been reclassified to consumable inventory in general expenses	-	-	15 990 928	15 990 928
Contracted Services				
Expenditure reclassified from Grant Expenditure to Contracted Services in statement of financial performance				
Rural road asset management system	-	1 678 008	1 678 008	1 678 008
Ndwedwe vip toilets wsig funded	-	-	-	-
Maphumulo area vip toilets	-	-	8 013 880	8 013 880
Mandeni area vip toilets	-	-	9 594 304	9 594 304
Ndwedwe area vip toilets	-	-	10 923 999	10 923 999
Statement of Financial Performance:				
Contracted Services				
Expenditure Reclassified From General Expenditure To Contracted Services In Statement Of Financial Performance				
Professional Fees KPMG	299 390	194 390	254 627	169 498
Audit Committee	1 011 003	1 011 003	264 788	264 788
EPWP Grass Cutting	2 396 188	2 396 188	648 142	648 142
EPWP Grass Cutting - EPWP Funded	100 854	100 854	179 473	179 473
Payroll Support	-	-	-	-
Consulting Asset Management	21 838	21 838	43 320	43 320
Risk Management Committee	25 000	25 000	7 020	7 020
Medical Exams	(780)	(780)	-	-
Municipal Gov. Administration	174 000	174 000	-	-
Size Water Audit Fee	62 113	62 113	35 852	35 852
Food Sampling	1 579 957	1 579 957	1 446 867	1 432 573
Legal Fees	364 834	364 834	-	-
Investigations	116 717	116 717	-	-
SALGA Games	37 894	37 894	-	-
Golden Game District Selections	8 050	8 050	-	-
Golden Games	403 499	403 499	208 745	208 745
Entertainment	207 033	207 033	8 050	8 050
SALGA Games	888 014	793 080	898 871	898 871
Cleaning Services	5 362	5 362	-	-
Disability Forum	3 008	3 008	-	-
Early Childhood Development Programme	3 150	3 150	-	-
Disability Forum Q2	13 650	13 650	13 650	13 650
EAP Counselling Referrals To Psychologist	147 917	147 917	248 224	248 224
Youth Programmes	2 139	2 139	5 065	5 065
EAP Staff Awards Sound	317 830	317 830	180 750	180 750
Occupational Health And Safety	170 400	170 400	171 641	171 641
LM Support	836 210	836 210	736 680	736 680
Consumer Data Analytics	848 142	848 142	-	-
EPWP Grass Cutting - Ezwp Funded	99 474	99 474	178 455	178 455
Hygiene Services	242 951	31 000	35 360	35 360
Internal Audit:				
General Expenses				
Expenditure Reclassified From Contracted Services To General Expenditure In Statement Of Financial Performance				
Plant Hire	3 781 449	3 781 449	2 488 336	2 488 336
Vehicle Hire For Any Staff Member Or Councillor	19 994 162	19 768 080	7 068 668	7 068 668
Software Licences	110 514	110 514	118 153	118 153
Rent Of Offices	102 825	102 825	158 681	158 681
Fax & Copier Rentals	5 043 663	5 043 663	2 907 022	2 907 022
Insurance Premiums	2 024 984	2 024 984	2 230 345	2 230 345
Wireless Network	42 169	42 169	39 222	39 222
Specialised Computer Service	22 775	22 775	34 445	34 445
Specialised Computer Service	25 102	25 102	98 598	98 598
Network Management System	207 600	207 600	134 500	134 500
Telephone Management System	2 701 026	2 701 026	1 725 237	1 726 237
ICT Disaster Recovery	378 000	378 000	245 014	245 014
The items listed below have been reclassified from other income to sale of produce due to the nature of the income				
Sale of Produce				
- Supply of Vegetables (NSNP)	-	-	15 031 478	-
Other income				
- Supply of Vegetables (NSNP)	-	-	-	-

33 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	188 468 900	186 597 293	311 561 861	309 544 784
Adjustment for:-				
Depreciation and amortisation	106 487 607	104 329 753	82 963 191	81 788 590
Transfers to / from accumulated surplus/(deficit)	122 691	518	583 869	74 390
Forex Loss	72 550	72 550	-	-
Loss on disposal of PPE	6 188 121	6 018 518	390 534	351 889
Contribution to provisions - non-current	66 022 454	66 022 454	41 676 124	41 676 124
Contribution to provisions - current	3 299 859	3 299 859	1 866 930	1 866 930
Finance costs	8 184 624	8 154 624	10 565 807	10 565 807
Prior Year Adjustments	(174 059 387)	(172 758 324)	25 997 415	24 234 638
Investment Income	(13 104 782)	(12 264 945)	(8 559 530)	(8 088 482)
Bad debts written off	1 719 248	1 719 248	(3 015 207)	(3 015 207)
Operating surplus before working capital changes:	193 721 882	191 671 849	483 640 746	459 662 294
Increase in inventories	(3 333 666)	(3 373 005)	4 816 731	5 102 748
Increase/(decrease) in trade receivables	(18 165 326)	(16 687 540)	(8 836 273)	(5 426 380)
(Increase)/decrease in other receivables	-	-	11 262 967	11 296 747
Increase/(decrease) in conditional grants and receipts	73 610 210	60 839 535	8 515 247	14 679 953
Increase in trade payables	15 323 474	9 929 322	(43 686 849)	(43 784 170)
Other assets	-	-	-	-
Other liability	-	-	-	-
Cash generated by/(utilised in) operations	259 769 573	243 999 161	439 241 901	446 745 973

34 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	194 932 184	174 702 791	76 813 867	70 703 174
Net cash and cash equivalents (net of bank overdrafts)	194 932 184	174 702 791	76 813 867	70 703 174

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED				
36.1 Unauthorised expenditure				
Reconciliation of unauthorised expenditure				
Balance brought forward	14 748 808	14 748 808	22 845 946	22 845 946
Unauthorised expenditure current year				
Certified as irrecoverable and written off by council in terms of MFMA section 32			(8 099 138)	(8 099 138)
Balance carried forward	14 748 808	14 748 808	14 748 808	14 748 808

Incident
This expenditure relates to the implementation of Lower Thukela Bulk Water Supply Scheme (LTBWSS) which is funded through the RBIG from the Department of Water and Sanitation. The initial allocation for the financial year was R156m) and was later cut back to R140mil. The cut back was factored in the adjustment budget, however at the time the cut back was implemented commitments in terms of expenditure were already made (on the basis of R156mil) and thereby making it not easy to cut down on certain projects within the LTBWSS.

Action taken
Council has considered and noted items of unauthorised expenditure and has referred them to MPAC for further scrutiny. Any further action will be taken upon MPAC's recommendation to Council.

36.2 Fruitless and wasteful expenditure				
Reconciliation of fruitless and wasteful expenditure				
Balance brought forward	78 804	78 804	523 114	523 114
Fruitless and wasteful expenditure current year			135 311	78 804
Certified as irrecoverable and written off by Council in terms of MFMA section 32/Recovered from responsible officials	(43 678)	(78 804)	(581 621)	(523 114)
Balance carried forward	33 126	-	76 804	78 804

Incident
Interest payment arising out of a dispute with Sappi over an old debt entailing arrear accounts that had not been billed by Sappi between February 2012 and May 2014.

Interest levied by SEMISCORP size water on late payment of invoices in respect of free basic services. the delay in payment of these invoices was due to a long standing dispute on the method of billing for free basic services.

Interest levied by KwaDukuza Local Municipality on late payment of electricity accounts.
Action taken
The municipality is in the process of implementing measures that are aimed at turning around the current status of municipal finances. The primary objective is to ensure financial sustainability and healthy liquidity of the municipality.

Council has considered and noted items of fruitless and wasteful expenditure and has referred them to MPAC for further scrutiny. Any further action will be taken upon MPAC's recommendation to Council.

36.3 Irregular expenditure				
Reconciliation of irregular expenditure				
Balance brought forward	53 405 667	53 405 667	8 523 373	8 523 373
Irregular expenditure raised in current year but relating to prior years	348 669 258	348 669 258		
Irregular expenditure current year	74 926 693	74 926 349	45 025 027	45 025 027
Certified by council as irrecoverable and written off in terms of MFMA section 32			(142 713)	(142 713)
Irregular expenditure awaiting consideration	476 303 638	476 361 294	53 405 667	53 405 667
Percentage written off during the period under review	0%	0%	0%	0%

Incident
This relates to expenditure incurred on isicingo security services, the contract expired in July 2018 after which contract extensions were applied until the allowed period of 6 months was exhausted. the municipality has since embarked on procurement processes and these are now at bid evaluation stage.

Awards to the suppliers in service of the stats relate to transactions that occurred before the finalization of 2017/2018 audit, which the entity was liable to pay.

36.4 Deviations				
Deviations were approved in terms of regulation 36 of the Supply Chain Management Policy:				
Total value	33 153 268	27 243 431	15 997 804	8 704 454
	33 153 268	27 243 431	15 997 804	8 704 454

The majority of transactions that were classified as deviations were for plant hire (water tanker, TLB), mechanical pump and electrical plant repairs, supply of water purification chemicals, mailing of consumer statements, ad hoc security services requests. All these transactions have now been addressed through the contracts/panels of service providers valid for three years. This panel/contract will address the unjustifiable deviations which often created irregular expenditure. These transactions were often as a result of emergency requests from the User Departments. Further significant transactions were in respect purchase of jetting machines after the Municipality had received grant funding from COGTA to procure plant.

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
36 MANAGEMENT ACT				
36.1 Contributions to organised local government				
Opening balance	-	-	366 198	366 198
Council subscriptions	2 198 717	2 198 717	1 945 687	1 945 687
Amount paid - current	(2 198 717)	(2 198 717)	(1 945 687)	(1 945 687)
Adjustment	-		(366 198)	(366 198)
Balance unpaid (included in payables)	-	-	-	-
36.2 Audit fees				
Opening balance		-		-
Current year audit fee	3 943 885	3 277 397	2 941 331	2 666 537
Amount paid - current year	(3 943 885)	(3 277 397)	(2 941 331)	(2 666 537)
Balance unpaid (included in payables)	-	-	-	-
36.3 VAT				

VAT input receivables and VAT output payables are shown in note 13. All VAT returns have been submitted by the due date throughout the year.

36.4 PAYE and UIF				
Opening balance	2 866 532	2 619 507	4 539 289	4 536 289
Current year payroll deductions	35 078 747	31 566 572	33 006 287	29 692 297
Amount paid - current year	(32 386 653)	(29 946 720)	(30 317 755)	(27 492 785)
Amount paid - previous years	(4 239 507)	(4 239 507)	(4 359 289)	(4 359 289)
Balance unpaid (included in payables)	1 319 119	1 019 852	2 866 532	2 619 507

The balance represents PAYE and UIF deducted in June 2019 payroll. This amount was paid in July 2019.

36.5 Pension and Medical Aid Deductions				
Opening balance	3 572 886	3 479 821	3 872 283	3 872 283
Current year payroll deductions and Council Contributions	47 519 233	44 696 889	43 657 878	42 309 557
Amount paid - current year	(46 437 284)	(42 566 307)	(40 084 766)	(38 829 736)
Amount paid - previous years	(3 479 821)	(3 479 821)	(3 872 283)	(3 872 283)
Balance unpaid (included in payables)	2 174 014	2 112 582	3 572 886	3 479 821

The balance represents Pension & Medical aid deducted in June2019 payroll. These amounts were paid in July 2019 except for RA which was paid in the month of deduction which is June 2019.

36.6 Councillor's arrear consumer accounts				
As at 30 June 2019				
Van Wyk GJ	695	695	142	142
Councillor MD SHANDU	327	327	-	-
Councillor MS SING	2 514	2 514	-	-
Councillor IP DUBE	751	751		
Total Councillor Arrear Consumer Accounts	4 487	4 487	142	142

36.7 Material losses				
36.7.1 Asset impairment losses	(5 709 810)	(6 220 604)	116 882	116 883
The current year impairment is a result of ageing infrastructure due to the impact of drought				
36.7.2 Debt impairment losses	1 719 245	1 719 245	(3 015 207)	(3 015 207)
Although the revenue collection has slightly improved compared to the prior year, council has incurred material debt impairment losses written off against the provision for bad debts. This is mainly as a result of restricted inactive accounts that are accumulating interest with no corresponding payments, pensioner accounts and deceased consumer accounts that are accumulating interest. This write-off has resulted in a decrease in consumer debtors and provision for bad debts.				

		GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
36.8					
Distribution Losses	Percentage distribution				
Units lost (kilolitres)					
Illegal connections and other	5%	898 557	898 557	2 464 472	2 464 472
Main leaks	26%	4 598 617	4 598 617	5 225 779	5 225 779
Reservoir overflows	1%	158 580	158 580	37 327	37 327
Metering inaccuracies	7%	1 198 077	1 198 077		
Service connection leaks	62%	11 100 593	11 100 593	2 202 293	2 202 293
Units lost (kilolitres)	100%	17 954 424	17 954 424	9 949 871	9 949 871
Units lost (sales price per kilolitre - rands)		187 992 368	187 992 368	93 360 506	93 360 506
Units lost (purchase price per kilolitre - rands)		92 987 878	92 987 878	46 462 580	46 462 580
Units lost (percentage)		61.74%	61.74%	46.80%	46.80%

The distribution losses are mainly due to illegal connections, main leaks (ageing infrastructure), reservoir overflows and service connection leaks. A five year strategic master plan for the reduction of non revenue water has been adopted by the municipality to address this problem.

Non-Compliance with Section 65 (2) of the Municipal Finance Management Act -

36.9 Payments of creditors within 30 days from date of receipt

	2017/18	2017/18	2017/18	2017/18
Number of days unpaid creditors at 30 June	62 days	62 days	67 days	67 days
Average number of days unpaid creditors during the year	49 days	49 days	93 days	93 days
Value of creditors not paid within 30 days during the year	78 555 889	78 555 889	78 762 885	78 762 885
Percentage of creditors paid within 30 days	90%	90%	80%	80%

The inability to pay creditors on time is a direct result of the cash flow challenges currently being faced by the municipality and this is linked to the broader financial viability challenge. Council adopted a financial turnaround implementation plan in December 2018 which is currently being implemented. In terms of the financial turnaround strategy, it was envisaged that the municipality would be able to turn the current undesirable financial situation in a period of three years with effect from December 2018. There are improvements in the efficiency of paying creditors on time when comparing to the previous years. On average the longest it took to pay creditors during 2019 financial year was 49 days compared to 93 days during 2017/18. In terms of the number of days calculated at year end, 62 days was reported at 30 June 2019 compared to 67 days in June 2018.

36.10 Material Forex Losses

Total Forex Liability as at 30 June 2019	2 132 197	2 132 197	-	-
Net Cumulative Forex Losses	(72 550)	(72 550)		

The material forex losses arising from the Microsoft License forex liability was due to unexpected adverse fluctuations in the rand dollar exchange rate

The Spot rate at 30 June 2019 was 14.1487 should the spot rate increase by 1% the foreign liability will be R2 153 518.61 and the foreign loss will increase to R73 275.54. Should the spot rate decrease by 1% the Forex liability will be R 2 110 874.67 and the Forex loss will decrease to R71 824.54

Foreign Liability increase R 2 132 196.94*1.01 =R2 153 518.61

Foreign loss increase R 72 550.04* 1.01 =R73 275.54

37 CAPITAL COMMITMENTS

37.1 Commitments in respect of capital expenditure

- Approved and contracted for	282 992 295	282 992 295	488 284 958	488 284 958
Infrastructure	282 992 295	282 992 295	488 284 958	488 284 958
Community	-	-	-	-
- Approved but not yet contracted for				
Infrastructure				
Total	282 992 295	282 992 295	488 284 958	488 284 958
This expenditure will be financed from:				
- External Loans				
- Government Grants	282 992 295	282 992 295	488 284 958	488 284 958
- Own resources	-	-	-	-
- Funding still to be sourced	-	-	-	-
	282 992 295	282 992 295	488 284 958	488 284 958

OPERATIONAL COMMITMENTS	2 019	2 019	2 018 Restated	2 018 Restated
Commitments in respect of operational expenditure				
- Approved and contracted for	7 399 814	7 399 815	18 926 946	18 926 946
Infrastructure	7 399 814	7 399 815	18 926 946	18 926 946
Community				-
- Approved but not yet contracted for				
Infrastructure				
Community				
Total	7 399 814	7 399 815	18 926 946	18 926 946
This expenditure will be financed as follows:				
Grant funded	7 399 814	7 399 815	18 926 946	18 926 946
Council funded				
External Loans				
	7 399 814	7 399 815	18 926 946	18 926 946
TOTAL CONTRACTUAL COMMITMENTS	270 391 109	270 391 110	507 211 904	507 211 904

The amounts disclosed are VAT inclusive

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R

38 EMPLOYEE BENEFITS INFORMATION

38.1 Defined contribution plan

The following are defined contribution plans: Natal Joint Municipal Pension Fund, National Treasury, Government Employee Pension Fund SALA Pension Fund and Municipal Councillors Pension Fund. These contributions have been expensed.

38.2 Other Long-term benefit plan

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value and the fair value of any related assets is deducted to determine the net obligation.

The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the municipality's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in surplus or deficit in the period in which they arise.

The independent valuers carried out a statutory valuation as at 30 June 2019.

The principal actuarial assumptions used were as follows:

Discount rate per annum	8.64%	8.64%	8.64%	8.64%
Inflation rate	6.23%	6.23%	6.23%	6.23%
Net effective discount rate	2.27%	2.27%	2.27%	2.27%
Benchmark inflation (equal to salary inflation)	7.00%	7.00%	7.00%	7.00%
Average retirement age	63	63	63	63
Mortality during employment	SA 85-90 ultimate	SA 85-90 ultimate	SA 85-90 ultimate	SA 85-90 ultimate
Percentage of in-service members withdrawing before retirement:				
Age 20	40%	40%	40%	40%
Age 30	25%	25%	25%	25%
Age 40	12%	12%	12%	12%
Age 50	4%	4%	4%	4%
Age 59+	2%	2%	2%	2%
The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:	12 067 220	12 067 220	9 528 817	9 528 817

EMPLOYEE BENEFITS (continued)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	9 528 817	9 528 817	8 258 766	8 258 766
Current service cost	932 831	932 831	734 000	734 000
Interest cost	791 834	791 834	706 216	706 216
Benefit payments	(739 456)	(739 456)	(509 879)	(509 879)
Actuarial (gains)/losses	1 575 194	1 575 194	424 714	424 714
Balance at end of year	12 067 220	12 067 220	9 528 817	9 528 817

The timing of the employee benefits is as follows:

Current portion of employee benefits	1 484 983	1 484 983	730 458	730 458
Employee benefit obligation	10 582 237	10 582 237	8 797 361	8 797 361
	12 067 220	12 067 220	9 528 817	9 528 817

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	932 831	932 831	734 000	734 000
Interest cost	791 834	791 834	706 216	706 216
Actuarial (gains)/losses	1 575 194	1 575 194	424 714	424 714
	3 299 859	3 299 859	1 864 930	1 864 930

40 RELATED PARTIES

Members of key management	*Section 57 managers*			
Controlled Municipal Entity	*Ilembe District Municipality has a 100%shareholding in Ilembe Development Enterprise (Pty) Ltd.*			
Compensation to councillors and other key management	*Refer to note 23 & 24*			
Related party balances				
Amount owed by Ilembe Enterprise included in other payables				(640 894)
Amount by Ilembe Enterprise included in other receivables		871 751		786 431
Related party transactions				
Transactions with Enterprise Ilembe Development Agency				
Grant funding from the parent for LED projects		30 647 932		24 888 488
Rental of offices				
Shared Services - Contributions by local municipalities towards the development planning sh	2 117 686	2 117 686		4 763 045

40.1 STAFF MEMBER: R Pillay

Expenditure:

Expenses for the year			11 107 282	11 107 282

Nature of transaction:

The employee had a brother whom had a share in the company that was awarded a contract to provide capital project consulting service to the municipality.

40.2 STAFF MEMBER: S Ntshangu

Expenditure:

Expenses for the year	142 664	142 664		

Nature of transaction:

An employee had relations with a service provider whom provided services to the municipality.

Total value of related parties	142 664	142 664	11 107 282	11 107 282

	GROUP 2019 R	IDM 2019 R	GROUP 2018 R	IDM 2018 R
41 CONTINGENT LIABILITY				
41.1 Icon Construction				
Icon Construction \| Interest Charges on arrear payments & standing time	1 035 633	1 035 633		

This is a historical matter where Umgeni water sanctioned construction of spring grove dam of which the construction costs were to be shared amongst its clients based on the principle of cross subsidization. Ilembe district municipality previously disputed this charge on the basis that there was no direct benefit since the scheme in question did not feed to the lines supplying water to the district. The matter had been referred to SALGA for mediation and SALGA recommended that all the municipalities benefiting from Umngeni water distribution system should contribute (based on the cross subsidization principle) towards the construction costs of the spring grove dam but before doing so, an agreement must be entered between the two parties. Based on SALGA's recommendation, Ilembe District Municipal Council has subsequently rescinded the previous council decision not to contribute. In rescinding this decision, the accounting officer was then mandated to facilitate signing of agreement with Umgeni water which should take into consideration reversing all previous charges, incorporating all payments previously made and determining the future payment plan. At the time of concluding completion of the annual financial statements, the matter was still under discussions with Umgeni water in terms of finalizing the agreement.

Contingent Liability based on Interest amounts charged by Icon Construction on arrear payments & standing time	1 035 633	1 035 633	-	-

42 RISK MANAGEMENT

42.1 Maximum credit risk exposure

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows				
Consumer debtors	350 732 511	350 732 511	273 389 840	273 389 840
Other debtors	-	-	36 198 724	36 172 374
	350 732 511	350 732 511	309 588 563	309 562 213
Ageing of consumers				
Current (0 - 30 days)	33 595 548	33 595 548	12 899 325	12 899 325
31 - 60 Days	7 821 808	7 821 808	10 960 450	10 960 450
61 - 90 Days	12 179 372	12 179 372	11 347 639	11 347 639
91 - 120 Days	12 027 784	12 027 784	7 264 472	7 264 472
121 - 365 Days	15 097 296	15 097 296	14 185 970	14 185 970
+ 365 Days	269 370 753	269 370 753	206 992 984	206 992 984
Total	350 732 511	350 732 511	273 389 840	273 389 840
Less: Provision for bad debts	250 342 015	250 342 015	(188 658 714)	(188 658 714)
Net consumer debtors	601 074 526	601 074 526	85 831 126	85 831 126
Cash and cash equivalents	194 932 184	174 782 791	75 813 667	70 703 174
Other investments	-	-	27 286 429	27 286 429
	194 932 184	174 782 791	103 100 096	97 989 604

These balances represent the maximum exposure to credit risk

42.2 Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipalities approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due; without incurring unacceptable losses or risking damage to the Municipalit as reputation.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The Municipalities liability are backed by appropriate assets and it has significant liquid resources.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within a year	Between 2 to 5 years	Total
2019			
Gross finance lease obligations	1 867 671	314 089	2 182 060
Borrowings	6 545 064	38 228 416	44 773 380
Trade and other payables	324 284 218	-	324 284 218
Other	1 496 963	10 502 237	12 087 529
	334 193 136	49 133 642	383 326 778

	Within a year	Between 2 to 5 years	Total
2018			
Gross finance lease obligations	1 054 962	1 957 053	3 012 015
Borrowings	7 164 483	72 851 417	80 015 900
Trade and other payables	208 295 741	-	208 295 741
Other	734 009	8 792 817	9 526 817
	215 249 195	83 601 287	298 850 473

	GROUP 2018 R	IDM 2018 R	GROUP 2016 R	IDM 2016 R
42.3 Interest rate risk				

The Municipality is not exposed to interest rate risk on its financial liabilities. All of the Municipality's interest bearing external loan liabilities are fixed interest loans.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The Municipality is exposed to fair value interest rate on its external loan liabilities , which are at fixed interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

Cash and cash equivalents	194 982 184	174 702 791	75 813 087	70 703 174
Other investments	28 718 789	28 718 789	27 266 429	27 266 429
Gross finance lease obligations	2 182 960	2 182 960	3 012 015	3 012 015
Borrowings	75 566 942	75 566 942	80 015 900	80 015 900
Consumer debtors	360 732 511	360 732 511	273 360 840	273 360 840

43 TRANSFER OF AGRICULTURAL PROJECTS

The process of transferring the following agricultural assets presently disclosed as PPE Agriculture and Biological Assets is currently underway. The entity is busy with the implementation of the ownership model. COGTA gave the entity a period of 36 months to complete the process

Bio Diesel	5 777 329	5 777 329
North Coast Vineyards	390 000	391 400
Agri Processing Facilities	10 751 476	10 107 236
Moringa Plantations		
	17 118 805	16 275 965

GLOSSARY

Accessibility Indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability Documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Activities	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal Service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution Indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.

Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Outputs	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)

Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or* *functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES:

- ORGANISATIONAL SCORECARD FOR THE YEAR 2018/2019
- OFFICE OF THE MM: 2018/2019 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
- TECHNICAL SERVICES DEPARTMENT: 2018/2019 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
- FINANCE DEPARTMENT: 2018/2019 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
- CORPORATE SERVICE DEPARTMENT: 2018/2019 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
- COMMUNITY SERVICES DEPARTMENT: 2018/2019 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
- ENTERPRISE ILEMBE: 2018/2019 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
- ENTERPRISE ILEMBE 2018/2019 ANNUAL REPORT
- ENTERPRISE ILEMBE: 2018/2019 AUDITED ANNUAL FINANCIAL STATEMENTS

Organisational Scorecard 2018/2019 - ANNUAL REPORT

OUTCOME 9	NATIONAL KPA's	IDP REFERENCE NUMBER	STRATEGIC OBJECTIVE	KPA	BACKLOG	BASELINE	KPI's	UNIT OF MEASURE	ANNUAL TARGET 2017-2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	REF NO.	RESPONSIBLE DEPARTMENT
A responsive & accountable, effective & efficient local government system	BASIC SERVICE DELIVERY	BS01	To ensure access to potable water for domestic consumption and support local economic development	Water Projects to be implemented	31 348	601 hh	Number of household's to be connected with water	Number	2 527 hh	601 hh	1099 hh (was 1 528 hh)	1604 hh				1 - REF: TS 17-55	Technical Services Department
				Water backlog eradication	16.38%	0.31%	Percentage decrease in backlog eradication	Percentage	1,60 % decrease from baseline of 20,26%	0.31%	0.57% (was 0.97%) decrease from baseline of 16.38% (was 18.66%)	0,84%	The Contractor accellerated work on the ground			2 - REF: TS 01	Technical Services Department
			To ensure continuous and sustainable provision of water services	Blue drop assessment status	N/A	12	Number of quarterly reports prepared to monitor water quality	Number	12	12	4	4				3	Technical Services Department
		BS02	To ensure access to basic sanitation for domestic consumption and support local economic development	Sanitation Projects to be implemented	29 207	2 338 hh	Number of household's to be connected with sanitation	Number	1 160 hh	2 338 hh	1600 hh	1 361 hh	Mandeni VIP toilets TS/156/2015 - The Consultant had to address faults from the previous phase before commencing on current year's allocation, as a result only 161 VIP toilets have been constructed when compared to target of 600.	Faults have been sorted and construction has commenced on new phase		4 - REF: TS	Technical Services Department
				Sanitation backlog eradication	15.26%	1.22%	Percentage decrease in backlog eradication	Percentage	0.73% decrease from baseline of 20,11%	1.22%	0.94% (was 1 14%) decrease from baseline of 15.26% (was 19 38%)	0.71%				5 - REF: TS 02	Technical Services Department
			To ensure continous and sustainable provision of sanitation services	Green drop assessment status	N/A	12	Number of quarterly reports prepared to monitor waste water quality	Number	12	12	4	4				6	Technical Services Department
		BS03	Monitor Siza water concession contract	Siza Water Plan	N/A	4 reports	Quarterly reports on monitoring of the concession	Number	4 reports	4 reports	4 reports	3				7	Technical Services Department
		BS04	To create job opportunities through infrastructure	Implementation of projects that requires manual labour	N/A	811	Number of job opportunities created through water infrastructure & service delivery efforts (Labour Intensive construction - LIC)	Number	800	811	1300 (was 1200)	1168	We could not achieve the target due to challenges encountered at Mandeni VIP project - TS/156/2015		There are quenes that were raised in May 2019 and they are not resolved to date, such as unclear ID copies, incomplete ID numbers etc	8 - REF: TS 05	Technical Services Department
A responsive & accountable effective & efficient local government system	MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	FV02	To ensure sound budgeting and compliance principles	Statutory monthly reports to National & Provincial Treasury (S 71)	N/A	100%	Percentage of monthly reports submitted by no later than 10 working days after the end of each month (S 71)	Percentage	100%	All reports submitted on time	100%	All reports submitted on time				9 - REF: FIN 09	Finance Department
		FV03	To ensure sound expenditure management	Payment of creditors	N/A	39 days	Average number of days taken for trade creditors to be paid Creditors Payment Period (Trade Creditors) Trade Creditors Outstanding/Credit Purchases (Operating & Capital) x 365 (Norm is 30 days)	Number	30 days	39 days	30 days	35 days	Cash flow position continues to be constrained given the persisted poor collection rate particularly from historic debt	Management and Council are working vigorously to turn the situation around. This includes amongst other things - Strengthening of credit control and collection measures; - Stringent cash flow monitoring; - Revamping and re-enforcing control measures at the Stores after establishing procedural loopholes that have resulted into stock issues without proper accountability; - Building cash reserves by ring-fencing VAT Refunds / Interest earned on grant funded invested funds - Cutting back on operational budget (i.e. non-grant funded expenditure)		10- REF: FIN 17	Finance Department
				Debt coverage (Pg 9 of MFMA circular 71)	N/A	13%	Debt Total Borrowings & Revenue (Debt (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant) (Norm is 45% & below)	Percentage	25%	13%	25%	11%				11- REF: FIN 14	Finance Department
				Capital Expenditure	N/A	4	Number of reports on municipality's annual capital budget spent on agreed IDP projects	Number	4	4	4	4				12	Technical Services Department
		FV04	To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within the policy framework	Monitoring Revenue Collection	N/A	69%	Percentage collection rate	Percentage	65%	69%	75% (was 85%) by end June 2019	64%	Conversions of prepaid to conventional metering has increased billing and consumers are taking more time to pay Disconnections are not done frequently. High level of faulty prepaid meters That is what leads to the conversions Culture of non payment by consumers Additional areas are being read in Groutville which is resulting in more billing and unable to collect immediately	Enforce and implement the credit control policy Disconnect consumers frequently Hand over consumers to the debt collector for collection. Monitor meters that are not buying water and convert them to conventional metering and also monitor the ones that have been converted and track payments as there was a culture that the consumers are on prepaid and therefore not pay		13- REF: FIN 01	Finance Department
				Implementation of acquisition management	N/A	87 days	Turn around for finalization of scm processes (closing date of an advert to the date of award with no objections)	Number	120 days	87 days	90 calendar (was working) days	94 calendar days	No projects were awarded during April and June 2019. One Project was awarded in May 2019	There should be close monitoring on bid committee sittings to be finalised within the stipulated time frames		14- REF: FIN 21	Finance Department
		FV05	To maintain a clean audit opinion	Achieve clean audit	N/A	Unqualified Audit Opinion with findings	Achieve Clean Audit opinion	AG Report	Clean audit report by the AG for 2016/2017	Unqualified Audit Opinion with findings	Clean audit report by the AG for 2017/2018	Unqualified audit opinion achieved	Matters that were qualified were due to financial constraints			15- REF: FIN 24	Finance Department

OUTCOME 9	NATIONAL KPA's	IDP REFERENCE NUMBER	STRATEGIC OBJECTIVE	KPA	BACKLOG	BASELINE	KPI's	UNIT OF MEASURE	ANNUAL TARGET 2017-2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	REF NO.	RESPONSIBLE DEPARTMENT
A responsive & accountable, effective & efficient local government system	MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION	MTI01	To establish an efficient and productive administration	Human Resources Management Excellence (was Recruitment)	N/A	12.84%	% Reduction of Vacancy rate (as a %of budgeted posts)	Percentage	Vacancy rate under 18%	12.84%	Vacancy rate under 12% (was 18%)	14%	The increased vacancy rate figure is somehow affected by the implementation of austerity measures as some posts are prioritised to be filled. Also, it is affected by resignations, retirements,dismissals and deaths.	To conclude eight prioritised posts by the first quarter		16- REF: CORP SERV 03	Corporate Services
				Employment Equity	N/A	2	Number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan	Number	2	2	3 by March 2019 (was 1 June 2019)	2	3 people were appointed in the three highest levels, but only 2 comply with the Equity Plan. The target should have been to appoint 2 males and 1 female in order to be in line with the Equity Plan & Targets. Equity Target candidates can only be appointed if they comply with and meet the requirements as provided for in the Regulations on Appointment and Conditions of Employment of Senior Managers	Adverts already include a sentence that reads thus: "Women are strongly encouraged to apply"		17 - REF: CORP SERV 04	Corporate Services
				Workplace skills plan implementation	N/A	50%	Percentage municipality's budget actually spent on implementing the approved WSP	Percentage	100%	50%	1%	0.50%	Institutional budgetary constraints inclusive of austerity measures currently impose financial constraints on allocation of skills development given urgent and top priority service delivery imperatives	Training provision enhanced through external training opportunities including but not limited to Lgseta, SALGA, coGTA, etc		18 - REF: CORP SERV 06	Corporate Services
A responsive & accountable, effective & efficient local government system	LOCAL ECONOMIC DEVELOPMENT	LED02	To upscale agriculture development in the District	Open Fields	N/A	20	Number of new small scale farmers identified and supported by the Entity	Number	20	20	20	20				19 - REF: EI 03	Enterprise iLembe
A responsive & accountable, effective & efficient local government system	GOOD GOVERNANCE & PUBLIC PARTICIPATION	GP06	Compliance and good Governance	Annual Report/Oversight report	N/A	Oversight report adopted by Council on 29 March 2018	Oversight report adopted by deadline	Date	31-Mar-18	Oversight report adopted by Council on 29th March 2018	31-Mar-19	Oversight report adopted by Council on 23rd March 2019				20	Community Services
				Promote Intergovernmental Relations	N/A	4	Number of Mayors District Intergovernmental Forum meetings held within the District	Number	4	4	4	3	Meeting for Q3 was scheduled for the 15th March 2019 and cancelled on the afternoon of the 14th March 2019 due to another engagement where Provincial leadership was visiting the District on the 15th March 2019 - Meeting for Q4 was disturbed by the election period where Mayors as Politicians were not available hence the reason DIF was held as early as possible (10 July 2019) in the new financial year so as to also introduce the new MEC Champion			21 - REF: COMM SERV 22	Community Services
				Audit Committee	N/A	1	Number of reports from Audit Committee to ExCo to ensure effectiveness of the committee and Internal Audit	Number	2	1	2	2				22	Office of MM
		GP011	To ensure a sustainable and healthy environment	Water Quality Monitoring and Analysis	N/A	242	Number of water samples taken and analysed	Number	240	242	240 by end June 2019	245	Resampling and incidental diseases outbreak investigations-typhoid resulted in extra samples being taken			23 - REF: COMM SERV 30	Community Services

DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER

MUNICIPAL MANAGER: N G KUMALO

NATIONAL KPA's	IDP REFERENCE NUMBER	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2017-2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	BUDGET	ADJUSTED BUDGET	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS	RESPONSIBLE DEPARTMENT
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	FV01	To ensure sound revenue management	Revenue management	Monitoring of revenue collection	Quarterly reports submitted to the Municipal Manager on the status and way forward of the collection rate	Number	4	4	4	4	4	Salaries	Salaries				5	Y	☺	H	Finance
	FV02	To ensure sound budgeting and compliance principles	Budget and compliance monitoring	Credible budgeting and compliance	Approved fully funded Operating & Capital Budget for 2019/2020 by deadline	MFMA compliance Dates	The Annual budget for 2018/2019 was approved by Council on 29 May 2018	31 May 2018	The Annual budget for 2018/2019 was approved by Council on 29 May 2018	31 May 2019	The annual budget for 2019/2020 was approved by Council on 29 May 2019	Salaries	Salaries				6	Y	☺	H	Finance
			To ensure adequate financial management	Statutory monthly reports to the Mayor	Percentage of monthly reports submitted to the Mayor no later than 10 working days after the end of each month (S 71)	Percentage	All reports submitted on time	100%	All reports submitted on time	100%	All reports were submitted on time	Salaries	Salaries				7	Y	☺	M	Finance
	FV03	To ensure sound expenditure management	Debt management	Payment of creditors (Pg 16 of MFMA circular 71)	Quarterly reports submitted to the Municipal Manager on the status of creditors payment	Number	4	4	4	4	4	Salaries	Salaries				8	Y	☺	H	Finance
	FV05	To achieve a clean audit opinion	Budget and compliance monitoring	Achieve a clean audit	Achieve Clean Audit opinion	AG Report	Unqualified Audit Opinion with findings	Clean audit report by the AG for 2016/2017	Unqualified Audit Opinion with findings	Clean audit report by the AG for 2017/2018	AFS for IDM were submitted to AG on 31 August 2018. and Consolidated AFS were submitted to AG on the 28 of September 2018. Unqualified Audit Opinion achieved	Salaries	Salaries				9	Y	☺	H	Finance
	FV05	To achieve a clean audit opinion	Ensure adequate financial and administration management	Compliance with MFMA and clean administration	Monitoring progress on audit queries resolving plan	Percentage	100%	100%	100%	100%	100%	Salaries	Salaries				10	Y	☺	H	Performance Management, Planning & Risk Management Unit
MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION	MTI01	To establish an efficient and productive administration	To manage staff component and improve the capacity of staff to deliver services and implement the employee equity plan	Human Resources	Quarterly reports on Human Resource functions submitted by Senior Manager Corporate Services	Number	4	4	4	4	4	Salaries	Salaries				11	Y	☺	H	Corporate Services
	GP011	To ensure a sustainable and healthy environment	To provide an effective vector control service to the community. To monitor quality of potable water in the District (domestic samples). To monitor food handling premises/processes according to Regulation 962 of the Foodstuffs, Cosmetics and Disinfectants Act	Municipal Health Services	Quarterly reports on Municipal health services	Number	4	4	4	4	4	Salaries	Salaries				12	Y	☺	M	Corporate Services
GOOD GOVERNANCE & PUBLIC PARTICIPATION	GP02	To promote accountability and deepen democracy through capacitating the community to participate and support municipal business	To facilitate the deepening of democracy through ward committees and develop implementation plans for projects proposed through the public participation strategy	Enhancement of public participation	Quarterly reports on Public Participation meetings held by Senior Manager Corporate Governance	Number	4	4	4	4	4	Salaries	Salaries				13	Y	☺	H	Community Services
	GP03	To ensure prevention and mitigation against disasters	To ensure rapid and effective response in assisting vulnerable communities during incidents and disaster	Emergency Relief Aid	Quarterly reports on status of incidents responded to	Number	4	4	4	4	4	Salaries	Salaries				14	Y	☺	H	Community Services
	GP04/09	To improve the quality of life within the district	Implementation of Operation Sukuma Sakhe	Operational plan integrated into senior manager agreement	Percentage of senior manager's performance agreements with OSS	Percentage	100%	100%	100%	100%	100%	Salaries	Salaries				15	Y	☺	M	Performance Managent Unit
	GP06	Compliance and good Governance	To facilitate coordination within the District	Promote Intergovernmental Relations	Number of Municipal Manager's District Intergovernmental Forum meetings held within the District	Number	7	4	7	4	5	Salaries	Salaries	One special meeting was held on the 13th March 2019			16	Y	☺	M	Community Services
	GP07	To provide independent, objective assurance and consulting services designed to add value and improve the municipality's operations.	To provide independent, objective assurance and consulting services designed to add value and improve the municipality's operations	Internal Audit Reporting to Audit Committee	Number of reports submitted to Audit committee	Number	6	5	6	4	4	Salaries	Salaries				17	Y	☺	H	Internal Audit Unit
				Internal audit plan	Development and approval of the Audit plan by deadline	Date	Audit plan was developed and it was presented to the Audit Committee for approval in October 2017	Audit plan submitted to AC for approval	Audit plan was developed and it was presented to the Audit Committee for approval in October 2017	End September 2018	Audit Plan was developed and approved by the audit committee in November 2018	Salaries	Salaries	Audit Committee 1st ordinary meeting for 2018/19 was held on 23 November 2018			18	Y	☹	H	Internal Audit Unit
				Implementation of Internal Audit Plan	Number of Internal Audit Assignments conducted	Number	15	20	15	17 (was 20)	17	Salaries	Salaries				19	Y	☺	H	Internal Audit Unit

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GOOD GOVERNANCE & PUBLIC PARTICIPATION				Quality, assurance and improvement programme	a) Conduct internal assessment (self assessment) by deadline b) Review action plan by deadline c) % implementation of the action plan	Date & Percentage	a) New Measure b) Action plan in place on 27 August 2017 c) 26%	a) New Measure b) End Sept 2017 c) 25% (was 50%)	a) New Measure b) Action plan in place on 27 August 2017 c) 26%	a) End Sept 2018 b) End Sept 2018 c) 44% (was 30%)	a) Self assessment was conducted in November 2018. b) Action plan was been reviewed and submitted to the Audit Committee meeting held on 23 November 2018 c) 48%	Salaries	Salaries	a) Capacity challenge b) Action Plan reviewed during the 2nd quarter	a) The internal assessment was submitted to the Audit Committee meeting held on 23 November 2018	c) Need reasons for exceeding target as per AG request	20	a) Y b) Y c) Y	a) ☹ b) ☹ c) ☺	H	Internal Audit Unit
				Internal Audit system	Acquire internal audit system	Date	New Measure	New Measure	New Measure	30-Jun-19	Draft Terms of Reference are in place and are undergoing consultation process	R250 000	R 0	Cannot continue with the project further as there is no longer any budget allocation	Project should continue within the next financial year		21	N/A	N/A	M	Internal Audit Unit/I Manager ICT
	GP08	To implement and maintain compliant, effective and efficient enterprise risk management systems and processes	To ensure effective Enterprise Risk Management	Monitoring performance of effective enterprise risk management	a) Number of risk registers updated b) Number of ethics/Risk Committee meetings held	Number	a) 3 b) 3	a) 4 b) 4	a) 4 b) 5	a) 4 b) 4	a) 4 b) 5	salaries	salaries	One special meeting held on the 19th June 2019			22	a) Y b) Y	a) ☺ b) ☺	M	Risk Management Unit
			To conduct a comprehensive Strategic and Operational Risk Assessment	Risk Management	Risk assessment process for the 2019/2020 finalised by deadline	Date	Strategic Risk Assessment was held on 16 April 2018, ICT Risk Assessment was held on 19 April 2018, Operational and Fraud assessment was held on 14-17 May 2018	End June 2018	Strategic Risk Assessment was held on 16 April 2018, ICT Risk Assessment was held on 19 April 2018, Operational and Fraud assessment was held on 14-17 May 2018	End June 2019	Done by 13 June 2019	Salaries / assistance from Provincial Treasury	Salaries / assistance from Provincial Treasury	Strategic Risk Assessment was conducted on May 25,28,31 and June 06. Operational assessment was conducted on May 06,09,21 and 25. ICT Assessment conducted on 13 June and Fraud Assessment conducted on 11 and 13 June			23	Y	☺	H	Risk Management Unit
			To ensure effective Enterprise Risk Management	Enterprise Risk Management Register	2018/2019 Enterprise Risk Management Register submitted to council for approval by deadline	Date	Submitted to Council on 29 August 2017 and submitted to heads of departments on 12 December 2017	End Dec 2018	submitted to Council on 29 August 2017 and Submitted to heads of departments on 12 December 2017	End Dec 2018 (was 2019)	Risk register was submitted to MANCO on 11 June 2018, Risk Management Committee on 18 June 2018 and Exco on 26 June 2018 and submitted to the Heads of departments	Salaries	Salaries	The register was done earlier than due date			24	Y	☺	H	Risk Management Unit
			To provide a basis that will effectively deal with uncertainty of associated risk and opportunity, thereby enhancing capacity to build value	Enterprise Risk Management Policy and Strategy	Reviewed Enterprise Risk Management Framework and Strategy	Date	Risk Management Framework and Strategy was reviewed and approved by Exco on the 26 June 2018	By June 2018	Risk Management Framework and Strategy was reviewed and approved by Exco on the 26 June 2018	By June 2019	Risk Management Framework and Strategy was reviewed and submitted to Risk Management committee on 19 June 2019.	Salaries / assistance from Provincial Treasury	Salaries / assistance from Provincial Treasury				25	Y	☺	M	Risk Management Unit
			To create an awareness and understanding of Risk Assessment and its importance	Conduct awareness on ERM processes and policies to all staff and Councillors	Number of Enterprise Risk Management workshops held	Number	2	2 by June (was March) 2018	2	2 by June 2019	2 by 20 & 21 June 2019	Salaries	Salaries				26	Y	☺	H	Risk Management Unit
			To ensure effective Enterprise Risk Management	Anti-Fraud and Corruption Strategy & Policy	Reviewed Anti-Fraud and Corruption Strategy & Policy	Date	Anti-Fraud and Corruption Strategy & Policy was reviewed and approved by Exco on the 26 June 2018	End June 2018	Anti-Fraud and Corruption Strategy & Policy was reviewed and approved by Exco on the 26 June 2018	End June 2019	Anti-Fraud and Corruption Strategy & Policy was reviewed and submitted to Risk Management committee on 19 June 2019	Salaries	Salaries				27	Y	☺	H	Risk Management Unit
			To ensure effective Enterprise Risk Management	Business Continuity Plan	a) Percentage implementation of the Business Continuity plan b) Testing of the Business Continuity plan	Percentage & Date	a) 100% b) Workshop has been conducted and Desktop check Testing was done in June 2018	a) 100% implementation by June 2018 b) Testing by June 2018	a) 100% b) Workshop has been conducted and Desktop check Testing was done in June 2018	a) 100% Implementation by June 2019 b) Testing by June 2019	a) 78% b) Not done	Salaries	Salaries	Planned training to be facilitated by KZN Provincial Treasury was cancelled by them on the day of the training Testing was not done, as it was awaiting the training to be done for members to know their roles and responsibilities.	a) Training for members to be done in the first quarter of 2019/20. b) Testing of the Business Continuity plan, to be done in fourth quarter of 2019/20		28	a) Y b) Y	a) ☹ b) ☹	H	Risk Management Unit
	GP010	To ensure effective Performance Management	To review the Performance Management Systems Framework document	Performance Management Framework	Reviewed Performance Management Framework	Date	Reviewed and approved by Council on 29 May 2018	End June 2018	Reviewed and approved by Council on 29 May 2018	End June 2019	Reviewed and submitted to Exco on 21 May 2019	Salaries	Salaries				29	Y	☺	M	Performance Management Unit
			To complete the Annual Performance Management Report in terms of section 46 of the Municipal Systems Act	Annual Municipal Performance Report	Annual Municipal Performance Report prepared and submitted to Auditor - General by legislated deadline	Date	AMPR submitted to AG on 31 August 2017	AMPR submitted to AG by 31 August 2017	AMPR submitted to AG on 31 August 2017	AMPR submitted to AG by 31 August 2018	AMPR submitted to AG on the 31 August 2018	Salaries	Salaries				30	Y	☺	H	Performance Management Unit
			People Management	Performance Reviews	Number of performance reviews of Senior Managers performance conducted quarterly	Number	4	4	4	4	4	Salaries	Salaries				31	Y	☺	L	Performance Management Unit
			To have effective automated system	Performance Management system	Research on appropriate automative performance management system by deadline	Date	New Measure	New Measure	New Measure	Procurement of automative performance management system by 30 June 2019	Draft Terms of Reference are in place and are undergoing consultation process	R250 000	R 0	Cannot continue with the project further as there is no longer any budget allocation	Project should continue within the next financial year		32	N/A	N/A	M	Performance Management Unit Manager ICT

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LOCAL ECONOMIC DEVELOPMENT	LED07	To facilitate co-ordinated planning and development	To ensure accountability and transparency through reporting of credible information on financial and non financial performance information	Annual IDP Review	IDP Review adoption by deadline	Date	The IDP was adopted by Council on 29 May 2018	2018/2019 IDP adopted by 30 June 2018	The IDP was adopted by Council on 29 May 2018	2019/2020 IDP adopted by 30 June 2019	The Final IDP was adopted by Council on the 29 May 2019	Salaries	Salaries				33	Y	☺	H	Planning Unit
			To meet bulk services requirements for existing and new housing development	Infrastructure Planning	Number of planning and infrastructure alignments meeting held	Number	11	9	11	12	6	Salaries	Salaries	The target could not be reached as there has been a slow down in development primarily as a result of the sluggish economic growth rate			34	Y	☹	M	Planning Unit
			Planning & development	District Growth and Development Plan	Adoption of the reviewed District Growth and Development Plan by deadline	Date	The process of reviewing the District Growth and Development Plan has commenced There was a District Growth and Development Summit held on 21 and 22 June 2018	End June 2018	The process of reviewing the District Growth and Development Plan has commenced There was a District Growth and Development Summit held on 21 and 22 June 2018	End June 2019	Not adopted	Salaries	Salaries	The DGDP will now be undertaken through the Vuthela iLembe LED programme due to unavailability of internal financial resources.	Target will be met in next financial year 2019/2020		35	N	☹	M	Planning Unit
				District Climate Change Response Strategy	Business plans prepared by deadline	Date	The iLembe Climate Change response plan is currently being prepared end of June 2018 in collaboration with the Department of Environmental Affairs	End June 2018	The iLembe Climate Change response plan is currently being prepared end of June 2018 in collaboration with the Department of Environmental Affairs	End June 2019	The project is ahead of target as the draft strategy has been developed	Salaries	Salaries	There was no need to prepare the business plan to secure funding as the Consultant was appointed by department of Environmental Affairs to prepare the climate change response strategy The draft strategy has been developed, now needs to be workshopped with Councillors before it is adopted			36	Y	☺	M	Planning Unit
				Integrated Waste Management Plan	Drafting of the IWMP by deadline	Date	The TOR for the iLembe IWMP have been prepared end of June 2018 The procurement has been executed through the Vuthela iLembe LED programme as funding for this exercise was not available internally A service provider has been appointed and the project will commence shortly	End June 2018	The TOR for the iLembe IWMP have been prepared end of June 2018 The procurement has been executed through the Vuthela iLembe LED programme as funding for this exercise was not available internally A service provider has been appointed and the project will commence shortly	End June 2019	Draft of IWMP has been prepared by June 2019	Salaries	Salaries	The IWMP is currently at Situation Analysis phase It was suspended for a period of three months due to the non-transfer of Vuthela programme funds from National treasury to the Programme Coordinating Unit			37	Y	☺	M	Planning Unit

PERFORMANCE SYMBOLS			
TARGET MET	NOT MET	N/A	TOTAL
☺	☹	N/A	
29	10	2	41

WEIGHTINGS			
HIGH	MEDIUM	LOW	TOTAL
H	M	L	
26	14	1	41

DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER

MUNICIPAL MANAGER: N G KUMALO

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NEW WATER & SANITATION INFRASTRUCTURE																					
BASIC SERVICE DELIVERY	BS01	To ensure access to potable water for domestic consumption and support local economic developmen	To provide sustainable infrastructure that will render water services	Water projects	Number of new households to be connected	Number	601 hh	2 527 hh	601 hh	1099 hh (was 1 528hh)	1 604 hh	R 120 655 652	R 163 265 139	There are 500 households with access to water from Ozwathini/Nondabula water supply scheme that were not targeted for in 2018/2019.			1	Y	☺	H	Technical Services
				Water Projects -Expenditure	Rand value of expenditure	Rand Value	R 201 977 462	R 239, 468, 771	R 201 977 462	R 163,265,139 (was R 120 655 652)	R 124 535 245			Total - Adjusted budget was R163,265,139, however the Final adjusted budget is R166,465,139 due to R3,200,000 for 1ML Reservoir at Driefontein - OT12- Phase 1- TS/169/2016 as the project was funded by rollover during the adjustment		Provide reason & corrective measure for target not met - that is under expenditure	2	Y	☹	H	Technical Services/Finance
	BS02	To ensure access to basic sanitation for domestic consumption and support local economic development	To provide sustainable infrastructure that will render sanitation services	Sanitation Projects	Number of new households to be connected - VIPS	Number	2 338 hh	1 169 hh	2 338 hh	1800 hh	1 361 hh	R 69 565 217	R 56 356 890	The Consultant had to address faults from the previous phase before commencing on current year's allocation	Faults have been sorted and construction has commenced on new phase		3	Y	☹	H	Technical Services
				Sanitation Projects - Expenditure	Rand value of expenditure	Rand Value	R 37 968 290	R 39, 125, 193	R 37 968 290	R 56 356 890 (was R 69,565,217)	R 55 787 024			Expenditure covers the previous financial year's projects			4	Y	☹	H	Technical Services/Finance

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BASIC SERVICE DELIVERY	BS01/ BS02	To ensure access to potable water for domestic consumption and support local economic development and To ensure access to basic sanitation for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	Southern Regional Bulk water & sanitation scheme	TS/181/2017 and TS/182/2017 Stage 6- Percentage completion by deadline	Percentage	a) Stage 4 -100% b) Stage 5 - 100%	a) Stage 4 -100% by March 2018 b) Stage 5 - 100% by June 2018	a) 100% b) 100%	Stage 6 - 5% (was 70%) by December 2018 (was June 2019)	0%	R 23 913 043	R 735 187	TS/181/2017 - Tender has been awarded. TS/182/2017 - Contract has been awarded. There were delays due to farmers refusing access to land.	TS/181/2017 - We have received general authorisation and the Contractor will be moving to site. TS/182/2017 - The project will only commence, once we receive WULA approval. A meeting was held with farmers, some of them have agreed to give access to land. Negotiations are still continuing.		15	Y	☹	
					Expenditure	Rand Value	R 10 670 656	Expenditure - R 14, 035, 088	R 10 670 656	Expenditure - R 735,187 (was R 23, 913, 043)	R 833 097			The expenditure is for general authorisation,WULA application and Consultants fees			16	Y	☹	
										WATER PROJECTS										
BASIC SERVICE DELIVERY	BS01	To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	To provide a sustainable Bulk water System - Ngcebo /KwaDukuza Water Supply	Zone F L & M & AO - TS/160/2016 a) Number of new hh to be connected b) Stage 6 - Percentage completion by deadline c) Stage 7- Percentage completion by deadline	Percentage & Number	a) 0 hh connected b) Stage 6 - 85%	a) 1 130 hh b) Stage 6 - 85% by June 2018	a) 0 hh b) 85%	a) 1099 hh (was 1 048 hh) b) Stage 6 - 100% by June 2019 (was December 2018) c) Stage 7 - 100% by June 2019	a) 1 104 hh b) 100% c) 100%	R 2 869 565	R 16 834 841	c) The close out report will only be available in February 2020, as the Contractor is still attending to snags			17	a) Y b) Y c) Y - Insufficient evidence	a) ☺ b) ☺ c) ☹	
						Expenditure	Rand Value	Expenditure - Part of R 26,526,873	Expenditure - R 21, 868, 421	R 26 526 873	Expenditure - R16, 834 841 (was R 2,869,565)	R 16 663 356						18	Y	☺
					Zone B&D, AH, AK, AF & Luthuli a) Stage 4 - Percentage completion by deadline b) Stage 5 -Percentage completion by deadline	Percentage	Stage 4 - 90%	Stage 4 - 100% by June	90%	a) Stage 4 - 100% by March 2019 b) Stage 5 - 10% by June 2019	a) 100% b) 10%	R 1 739 130	R 2 856 491				19	a) Y - Q3 b) Y	a) ☺ b) ☺	
						Expenditure	Rand Value	Expenditure - Part of R 26,526,873	Expenditure - R 21, 868, 421	R 26 526 873	Expenditure - R 2, 856, 491 (was R 1,739,130)	R 3 383 350		Expenditure for MIG grant is within grant allocation. Budget projections are estimates and some projects are under and over expenditure, however the end result is the expenditure is within total allocation.			20	Y	☹	
		To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will rebder water services	Lower Tugela Bulk Water Supply	OT 11 - 2,5 Ml Mgigimbe Reservoir & Mbonisweni Pump Station - TS/132/2015 a) Stage 6 - Percentage completion by deadline b) Stage 7 - Percentage completion by deadline	Percentage	Stage 6 - 99%	Stage 6 - 100% by June 2018	99%	a) Stage 6 - 100% by March 2019 b) Stage 7 - 100% by September 2018	a) 100% b) 100%	R 434 783	R -		a) Stage 6 - incomplete project from 2017/18, and needed to be added during the adjustment		21	a) Y - Q2 b) Y - Q2	a) ☺ b) ☺	
						Expenditure	Rand Value	Expenditure - R 0	Expenditure - R 1, 315, 789	R -	Expenditure - R 0 (was R 434,783)	R -					22	N/A	N/A	
					UW Siyaphambili - OT 6- Phase 2 - TS/151/2015 500 Dia pipe from UW to Lindelani, Pumping station OT6 at Lindelani, SML Resevoir at Lindelani Stage 7 - Percentage completion by deadline	Percentage	Stage 6 - 100%	Stage 6 - 100% by March 2018	100%	Stage 7 - 100% by September 2018	100%	R 1 634 783	R 1 740 000				23	Y	☺	
						Expenditure	Rand Value	Expenditure - R 18, 167,473	Expenditure - R 19, 736, 842	R 18 167 473	Expenditure - R 1, 740, 000 (was R 1,634,783)	R -					24	Y	☹	
					Construction of 500mm dia x 2800m long PVC pipeline and 5 Ml Resevoir at Siyaphambili - OT 06 - TS/155/2016 Stage 7 -Percentage completion by deadline	Percentage	Stage 6 - 100%	Stage 6 - 100% by June 2018	100%	Stage 7 - 100% by September 2018	100%	R -					25	Y	☺	

NATIONAL KPA's	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2017-2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	BUDGET	ADJUSTED BUDGET	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL
BASIC SERVICE DELIVERY					**1ML Reservoir at Driefontein - OT 12 - Phase 1 - TS/169/2016** a) Stage 6 - Percentage completion by deadline b) Stage 7 - Percentage completion by deadline	Percentage	Stage 6 - 99%	Stage 6 - 100% by June 2018	90%	a) Stage 6 - 100% by March 2019 b) Stage 7 - 100% by September 2018	a) 100% b) 100%	R 695 652	R -			Stage 6 - Incomplete project from 2017/18, and needed to be added during the adjustment	26	a) Y - Q2 b) Y - Q2	a) ☺ b) ☺
					Expenditure	Rand Value	Expenditure - R4,236 657(R 745,399 + R 3,491,258)	Expenditure -(R 2, 192 982 + R 4, 385, 965) R 6, 578, 947	R 4 236 657	Expenditure - R 0 (was R695,652)	R -			The project was funded by rollover during budget adjustment for R3,200,000			27	N/A	N/A
					OT 4 – 5Ml new Zinkwazi Reservoir **OT 5 – 5Ml new Hyde Park Reservoir (Hyde Park scope of work has been taken out of overall project scope); 1.3km of UPVC 200mm diameter pipeline -TS/188/2017** Stage 6 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 100% e) Stage 5 - 100%	a) Stage 1 - 100% by September 2017 b) Stage 2 - 100% by December 2017 c) Stage 3 - 100% by March 2018 d) Stage 4 - 100% by June 2018 e) Stage 5 - 100% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 100%	Stage 6 - 60% (was 70%) by June 2019	30%	R 22 608 696	R 19 885 676	1. Design level material not compactable (Red Sand) and the contractor has to stop until IDM/Geosure advise them. 2. Heavy rain that caused a stoppage on site	1. Geosure was called back to site to check the earthworks drawing and make new recommendations, that exercise has been done and the construction resumed on the 05th April 2019		28	Y	☹
					OT 1 – Construction of 3Ml Reinforced Concrete Ikamu Reservoir, 4.3km UPVC 200mm diameter gravity main and 1 pumpstation at San Christopher TS/189/2017 Stage 6 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 100% e) Stage 5 - 100%	a) Stage 1 - 100% by September 2017 b) Stage 2 - 100% by December 2017 c) Stage 3 - 100% by March 2018 d) Stage 4 - 100% by June 2018 e) Stage 5 - 100% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 100%	Stage 6 - 70% by June 2019	80%			Contractor has been instucted to accellerate work on the ground.			29	Y	☺
					Expenditure	Rand Value	Expenditure - R 18,486,769	Expenditure - R24, 122 807	R 18 486 769	Expenditure - R 19 885 676 (was R 22,608,696)	R 8 563 609			Labour Strike due to late payment 2. Heavy rain that caused a delay			30	Y	☹
					OT 7 - Blythedale 400mm dia pipeline & 5ML Reservoir - TS/187/2017 Stage 6 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 100% e) Stage 5 - 100%	a) Stage 1 - 100% by September 2017 b) Stage 2 - 100% by December 2017 c) Stage 3 - 100% by March 2018 d) Stage 4 - 100% by June 2018 e) Stage 5 - 100% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 100%	Stage 6 - 55% (was 70%) by June 2019	79%	R 29 478 260	R 48 206 286	Contractor has been instucted to accellerate work on the ground.		Provide reason for exceeding target as per the AG request	31	Y	☺
	BS01	To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	Lower Tugela Bulk Water Supply	**OT 8E - Stanger Manor 315mm dia pipeline - TS/185/2017** Stage 6 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 100% e) Stage 5 - 100%	a) Stage 1 - 100% by September 2017 b) Stage 2 - 100% by December 2017 c) Stage 3 - 100% by March 2018 d) Stage 4 - 100% by June 2018 e) Stage 5 - 100% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 100%	Stage 6 - 85% (was 70%) by June 2019	76%			The contractor is behind schedule on the mechanical and electrical equipment and it's pushing the completion date. Also the electrical supply to the pumpstation by a local subcontractor is behind schedule.	Pumps and motors have been procured and are ready to be delivered to site when civil works have been completed. Electrical panel has been ordered with Electron, currently under fabrication. KwaDukuza electricity department has been paid and their sub-contractor Kram has started with the process of installing the electricity supply to the pumpstation.		32	Y	☺
					OT 8F - Shakaville & Stanger - 200mm dia pipeline - TS/186/2017 Stage 6 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 100% e) Stage 5 - 100%	a) Stage 1 - 100% by September 2017 b) Stage 2 - 100% by December 2017 c) Stage 3 - 100% by March 2018 d) Stage 4 - 100% by June 2018 e) Stage 5 - 100% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 100%	Stage 6 - 85% (was 70%) by June 2019	76%			The contractor had left site and there hasn't been any progress on site for three months. Land agreement and payment for Singh's property has not been finalized due to disagreements with land evaluation figures. The contractor has returned to site and the progress has improved and the quality of work is a concern at this	The contractor advised IDM that financial difficulties from their company were reason for abandoning site. The contractor has been instructed to fast track work on site. The contractor is being monitored daily.		33	Y	☺

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BASIC SERVICE DELIVERY					**OT 8F - Stanger Manor- 300mm dia pipeline** Stage 6- Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 100% e) Stage 5 - 100%	a) Stage 1 - 100% by September 2017 b) Stage 2 - 100% by December 2017 c) Stage 3 - 100% by March 2018 d) Stage 4 - 100% by June 2018 e) Stage 5 - 100% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 100%	Stage 6 - 85% (was 70%) by June 2019	76%			stage			34	Y	☺
					Expenditure	Rand Value	Expenditure - R 32,079,996	Expenditure - R 32, 894, 737	R 32 079 996	Expenditure - R 48, 208, 288 (was R29,478,260	R 36 826 047			The Contractor had cashflow problems that led to slow progress on site.	Contractor has been instructed to accellerate work on the ground and has been put on penalties.		35	Y	☹
					OT 13A - Ingelmere Estate, Helmsley, Mursia cane - 400mm dia pipeline & Reservoir a) Stage 4 - Percentage completion by deadline b) Stage 5 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 20%	a) Stage 1 - 100% by December 2017 b) Stage 2 - 100% by March 2018 c) Stage 3 - 100% by June 2018 d) Stage 4 - 25% by June 2018	a) 100% b) 100% c) 100% d) 20%	a) Stage 4 - 50% by June 2019 (was 100% by June 2019) b) Stage 5 - N/A (was 15%) by June 2019	a) 50% b) N/A	R 4 570 435	R				36	a) Y b) N/A	a) ☺ b) N/A
					OT 13B - Ingelmere Estate - 300mm dia pipeline a) Stage 4- Percentage completion by deadline b) Stage 5 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 20%	a) Stage 1 - 100% by December 2017 b) Stage 2 - 100% by March 2018 c) Stage 3 - 100% by June 2018 d) Stage 4 - 25% by June 2018	a) 100% b) 100% c) 100% d) 20%	a) Stage 4 - 50% by June 2019 (was 100% by June 2019) b) Stage 5 - N/A (was 15%) by June 2019	a) 50% b) N/A						37	a) Y b) N/A	a) ☺ b) N/A
					Expenditure	Rand Value	Expenditure - R 1 797 258	Expenditure - R 22, 622, 369	R 1 797 258	Expenditure - R 0 (was R 4,570,435)	R -						38	N/A	N/A
	BS01	To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	Ozwathini/Phambela Water Supply (Maphumulo)	**Borehole equipping and linked to rising main - TS/177/2017** a) Stage 6 - Percentage completion by deadline b) Stage 7 - Percentage completion by deadline	Percentage	a) Stage 4 - 100% b) Stage 5 - 100% c) Stage 6 - 41%	a) Stage 4 - 100% - by September 2017 b) Stage 5 - 100% by March 2018 (was December 2017) c) Stage 6 - 15% by June 2018	a) 100% b) 100% c) 41%	a) Stage 6 - 100% (was 70%) by March 2019 (was June 2019) b) Stage 7 - 100% by June 2019	a) 100% b) 100% 500 hh	R 11 667 826	R 22 273 818	Umngungundlovu battling to re-install the outlet pipe Vandalism and removal of steel pipe taps from yards Households were not measured on SDBIP, however there are 500 hh connected.	To discuss with O&M if we can replace the vandalized taps internally (IDM Plumbers)		39	a) Y b) Y	a) ☺ b) ☺
					Expenditure	Rand Value	Expenditure - R 4,540,800	Expenditure - R 4, 824, 561	R 4 540 800	Expenditure - R 22,273,818 (was R 11,667,826)	R 21 936 922						40	Y	☺
		To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	Macambini Water Supply Phase 2	**Sundumbili Rising Main and - TS/ 175/2017** Stage 6 - Percentage completion by deadline	Percentage	a) Stage 4 - 100% b) Stage 5 - 100% c) Stage 6 - 15%	a) Stage 4 - 100% by September 2017 b) Stage 5 - 100% by June 2018 (was December 2017) c) Stage 6 - 15% by June 2018	a) 100% b) 100% c) 15%	Stage 6 - 70% by June 2019	84%	R 19 130 435	R 39 333 093	Project is ahead according to the approved additional work			41	Y	☺
					Mandeni Pump Station - TS/176/2017 Stage 6 - Percentage completion by deadline					Stage 6 - 100 % by March 2019	95%						42	Y	☺
					Expenditure	Rand Value	Expenditure - Part of R 59,197,281	Expenditure - R 59, 197 281	R 59 197 281	Expenditure - R 39, 333, 093 (was R 19,130,435)	R 26 063 422			Expenditure for MIG grant is within grant allocation. Budget projections are estimates and some projects are under and over expenditure, however the end result is the expenditure is within total allocation.			43	Y	☹
					Macambini Water Supply - Phase 4, 5, 6 Stage 5 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 100% e) Stage 5 - 5%	a) Stage 1 - 100% by June 2018 b) Stage 2 - 100% by June 2018 Stage 3 - 100% by March 2018 Stage 4 - 100% by June 2018 Stage 5 - 20% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 5%	Stage 5 - 100% by June 2019	100%	R 4 347 826	R 1 972 474				44	Y - Q3	☺

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BASIC SERVICE DELIVERY					**Expenditure**	Rand Value	Expenditure - Part of R 59,197,281	Expenditure - R 59, 197, 281	R 59 197 281	Expenditure - R 1, 972, 474 (was R 4,347,826)	R 2 275 903			Expenditure for MIG grant is within grant allocation. Budget projections are estimates and some projects are under and over expenditure, however the end result is the expenditure is within total allocation.			45	Y	☹
					Macambini Water Supply - Phase - 7, 8, 9 Stage 5 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 100% e) Stage 5 - 5%	a) Stage 1 - 100% by June 2018 b) Stage 2 - 100% by June 2018 Stage 3 - 100% by March 2018 Stage 4 - 100% by June 2018 Stage 5 - 20% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 5%	Stage 5 - 100% by June 2019	100%	R 1 739 130	R 886 691				46	Y - Q3	☺
					Expenditure	Rand Value	Expenditure - Part of R 59,197,281	Expenditure - R 59, 197, 281	R 59 197 281	Expenditure - R 886, 691 (was R 1,739,130)	R 486 691			Expenditure for MIG grant is within grant allocation. Budget projections are estimates and some projects are under and over expenditure, however the end result is the expenditure is within total allocation.			47	Y	☹
		To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	**Balcome/KwaSizabantu Water Supply (Maphumulo Wards 5 & 6)**	**Ntunjambili water supply scheme** Stage 3 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100%	a) Stage 1 - 100% by June 2018 b) Stage 2 - 100% by June 2018	a) 100% b) 100%	Stage 3 - 10% by June 2019	10%	R 2 608 696	R -	Business plan has been completed and submitted to DWS for funding approval and the project will only proceed to the next stages once the business plan is approved by DWS			48	Y	☺
					Expenditure	Rand Value	Expenditure - R 1,935,108	Expenditure - R 1, 938, 596	R 1 935 108	Expenditure - R 0 (was R 2,608,696)	R 2 924 448			Expenditure for MIG grant is within grant allocation. Budget projections are estimates and some projects are under and over expenditure, however the end result is the expenditure is within total allocation.			49	Y	☹
					Zone I & J - TS/161/2016 a) Number of new hh to be connected b) Stage 7 - Percentage completion by deadline	Number & Percentage	a) 591 hh connected b) Stage 6 - 100% c) Stage 7 - 100%	a) 707 hh b) Stage 6 - 100% by June 2018 (was December 2017) c) Stage 7 - 100% by March 2018	a) 591 hh b) 100% c) 100%	a) N/A (was 480hh) b) Stage 7 - 100% by September 2018	a) N/A b) 100%	R 1 478 261	R -				50	a) N/A b) Y - Q3	a) N/A b) ☺
					Expenditure	Rand Value	Expenditure - Part of R 8,681,713	Expenditure - R 12, 350, 878	R 8 681 713	Expenditure - R 0 (was R 1,478,261)	R 466 274			Expenditure for MIG grant is within grant allocation. Budget projections are estimates and some projects are under and over expenditure, however the end result is the expenditure is within total allocation.			51	Y	☹
	BS01	To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	**Ndulinde Water Supply Scheme (Mandeni Ward 6 and 11)**	**Phase 1, 2C and 4C TS 178/2017 Repairs and remedial works** Stage 6- Percentage completion by deadline	Percentage	Stage 6 - 0% (The contractor was terminated and the project was re-started all over again)	Stage 6 - 100% by June 2018	100%	Stage 6 - 70% by June 2019	36%	R 11 304 348	R 9 036 089	Delays are mainly due to poor performance by the Contractor	Contractor has been served with an intention to terminate by IDM on 02 July 2019. They have responded committing to complete the work in February 2020. IDM is continuining with the termination process.		52	Y - Q3	☹
					Expenditure	Rand Value	Expenditure - R 9,556,089	Expenditure - R 10, 964, 912	R 9 556 089	Expenditure - R 9, 036, 089 (was R 11,304,348)	R 5 607 545				The money was moved to other projects because the Contractor was underperforming and the process of termination has commenced.		53	Y	☹
	BS01	To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	**Wosiyane Extension-Water Supply - Swayimane Msilili, Ndaka, and Hoqweni, community water supply sheme**	**Phase 1** Stage 5 - Percentage completion by deadline	Percentage	Stage 4 -100%	Stage 4 - 100% by June 2018	100%	Stage 5 - 15% (was 90%) by June 2019	15%	R 4 347 826	R 237 698				54	Y	☺
					Expenditure	Rand Value	Expenditure - R 4,588,088	Expenditure - R 3, 070, 175	R 4 588 088	Expenditure - R 237, 678 (was R 4,347,826)	R 237 678						55	Y	☺

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TOTAL HOUSEHOLD BENEFICIARIES TARGETED FOR NEW WATER PROVISION: 1099 hh (was 1 528 hh)																			
TOTAL EXPENDITURE TARGETED: R 163 386 139 (was R 120,855,652)																			
SANITATION PROJECTS																			
BASIC SERVICE DELIVERY	BS02	To ensure access to basic sanitation for domestic consumption and support local economic development	To provide sustainable infrastructure that will render sanitation services	Ndwedwe TS/158/2015	Number of new hh with access to VIP	Number	794 hh	380 hh by June 2018	794 hh	600 hh by June 2019	600 hh	R 8 695 652	R 6 695 651				56	Y	☺
					Expenditure	Rand Value	Expenditure -R 5,036,916	Expenditure - R 5,263,158	R 5 036 916	Expenditure - R 6,695,651 (was R 8,695,652)	R 10 033 683			Expenditure for MIG grant is within grant allocation. Budget projections are estimates and some projects are under and over expenditure, however the end result is the expenditure is within total allocation. Expenditure is noted for the previous year's projects.	There was a transfer of funds, and the final budget is R 7,455,651		57	Y	☹
				Mandeni TS/156/2015	Number of new hh with access to VIP	Number	772 hh	400hh by June 2018	772 hh	600 hh by June 2019	161 hh	R 8 695 652	R 5 000 000	The Consultant had to address faults from the previous phase before commencing on current year's allocation	Faults have been sorted and construction has commenced on new phase		58	Y	☹
					Expenditure	Rand Value	Expenditure - R 9,030,804	Expenditure - R 8, 771, 930	R 9 030 804	Expenditure - R 5,000,000 (was R 8,695,652)	R 4 653 627			Expenditure covers the previous financial year's projects.	There was a transfer of funds, and the final budget is R 4,700,000		59	Y	☹
				Maphumulo TS/157/2015	Number of new hh with access to VIP	Number	772 hh	380 hh by June 2018	772 hh	600 hh by June 2019	600 hh	R 8 695 652	R 6 695 651				60	Y	☺
					Expenditure	Rand Value	Expenditure - R 8,013,980	Expenditure - R 8, 771, 930	R 8 013 980	Expenditure - R 6,695,651 (was R 8,695,652)	R 6 175 425			There was a transfer of funds, and the final budget is R 6,235,651			61	Y	☺
	BS02	To ensure access to basic sanitation for domestic consumption and support local economic development	To provide sustainable infrastructure that will render sanitation services	Groutville Waterborne Sanitation	Construction of bulk sewer in 1No. 600m³/Day Package Wastewater Treatment Plant and Mnyundwini, Njekane and Etsheni Pumping Station - TS/179/2017 Stage 6- Percentage completion by deadline	Percentage	a) Stage 2 - 100% b) Stage 3 - 100% c) Stage 4 - 100% d) Stage 5 - 100% e) Stage 6 - 30%	a) Stage 2 - 100% by September 2017 b) Stage 3 - 100% by March 2018 c) Stage 4 - 100% by March 2018 d) Stage 5 - 100% by March 2018 e) Stage 6 - 20% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 30%	Stage 6 - 65% (was 70%) by June 2019	73%	R 28 695 652	R 35 700 100			Project is ahead , need reason for exceeding target, as per AG request	62	Y	☺
					Construction of bulk sewer in 1No. 600m³/Day Package Wastewater Treatment Plant Chris Hani, Lloyds & Ntshawini Settlements and Gledhow village pumpstation - TS/180/2017 Stage 6- Percentage completion by deadline					Stage 6 - 65% by June 2019	82%					Project is ahead , need reason for exceeding target, as per AG request	63	Y	☺
					Expenditure	Rand Value	Expenditure -R 11 368,281	Expenditure - R 11, 620, 806	R 11 368 281.00	Expenditure - R 35,700,100 (was R 28,695,652)	R 33 021 768						64	Y	☺
	BS02	To ensure access to basic sanitation for domestic consumption and support local economic development	To provide sustainable infrastructure that will render sanitation services	Mandafarm Waterborne Sewer - at Mandeni	Stage 3 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100%	a) Stage 1 - 100% by June 2018 b) Stage 2 - 100% by June 2018	a) 100% b) 100%	Stage 3 - 10% by June 2019	10%	R 4 347 826	R -	A business plan has been submitted to DWS for funding approval. Once approval is obtained from DWS, the project will be registered with MIG and continue with the implementation			65	Y	☺
					Expenditure	Rand Value	Expenditure - R 434 474	Expenditure - R 526, 316	R 434 474	Expenditure - R 0 (was R 4,347,826)	R -						66	N/A	N/A
				Darnall WWW Upgrade	Stage 5 - Percentage completion by deadline	Percentage	a) Stage 2 - 100% b) Stage 3 - 100% c) Stage 4 - 100%	a) Stage 2 - 100% by June 2018 b) Stage 3 - 100% by March 2018 c) Stage 4 - 100% by June 2018	a) Stage 2 - 100% b) Stage 3 - 100% c) Stage 4 - 100%	Stage 5 - 50% (was 100%) by March 2019	100%	R 2 608 696	R 215 940	The draft tender document-TS/194/2018 is dated April & May 2018. The project delayed by funding for the implementation			67	Y	☺

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BASIC SERVICE DELIVERY					Expenditure	Rand Value	Expenditure - R 3,193,329	Expenditure - R 2, 192, 982	R 3 193 329	Expenditure - R 215, 940 (was R 2,608,696)	R 195 358			The expenditure was for specialist services. (WULA)			68	Y	☺
	BS02	To ensure access to basic sanitation for domestic consumption and support local economic development	To provide sustainable infrastructure that will render sanitation services	Driefontein Water Borne Sewer	Stage 3 - Percentage completion by deadline	Percentage	Stage 2 - 100%	Stage 2 - 100% by June 2018	100%	Stage 3 - 10% by June 2019	100%	R 1 739 130	R 249 584				69	Y	☺
					Expenditure	Rand Value	Expenditure - R 416,572	Expenditure - R 2, 192, 982	R 416 572	Expenditure - R 249, 548 (was R 1,739,130)	R 249 548						70	Y	☺
				Mdlebeni Water Borne Sewer	Stage 4 - Percentage completion by deadline	Percentage	Stage 3 - 100%	Stage 3 - 100% by June 2018	100%	Stage 4 - 10% by June 2019	0%	R 869 565	R -	Project is on hold - awaiting KDM to confirm if the construction of new houses will continue			71	N	☹
					Expenditure	Rand Value	Expenditure - R 0	Expenditure - R 0	R -	Expenditure - R 0 (was R 869,565)	R -						72	N/A	N/A
				Sundumbili WWTW Upgrade	Stage 4 - Percentage completion by deadline	Percentage	Stage 4 - 0% (Stage 2 & 3 - 100% done in 2016/17 FY)	Stage 4 - 100% by June 2018	0%	Stage 4 - 10% by June 2019	0%	R 2 608 696	R 800 000	Dealing with WULA application			73	Y	☹
					Expenditure	Rand Value	Expenditure - R 473, 937	Expenditure - R 679. 825	R 473 937	Expenditure - R 800, 000 (was R 2,608,696)	R 1 027 315			expenditure was incurred for WULA application		Budget exceeded , provide reason for variance and corrective measure	74	Y	☹
				KwaDukuza Regional WWW	a) Stage 1 - Percentage completion by deadline b) Stage 2 - Percentage completion by deadline	Percentage	Stage 1 - 0%	Stage 1 - 100% by June 2018	0%	a) Stage 1 - 100% by March 2019 b) Stage 2 - 10% by June 2019	a) 100% b) 100%	R 2 608 696	R 1 000 000				75	a) Y - In Q2 b) Y - In Q2	a) ☺ b) ☺
					Expenditure	Rand Value	Expenditure - R 0	Expenditure - R 877,193	R -	Expenditure - R1, 000, 000 (was R 2,608,696)	R 410 300			Expenditure for MIG grant is within grant allocation. Budget projections are estimates and some projects are under and over expenditure, however the end result is the expenditure is within total allocation.		Provide reason & corrective measure for target not met - that is under expenditure, only 59% spent	76	Y	☹
	TOTAL HOUSEHOLD BENEFICIARIES TARGETED FOR NEW SANITATION PROVISION: 1800 hh																		
	TOTAL EXPENDITURE TARGETED: R 88,356,890 (was R 69,565,217)																		
	REFURBISHMENT/REPLACEMENTS PROJECTS																		
	BS01	To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	Maintain and replace Ageing Infrastructure (MWSIG)	Fawsely Park to Highridge TS/165/2016 Stage 7 - Percentage completion by deadline	Percentage	Stage 6 - 100%	Stage 6 - 100% by June 2018	100%	Stage 7 - 100% by September 2018	100%	R 1 582 609	R 1 582 609				77	Y	☺
					Expenditure	Rand Value	Expenditure - Part of R 31,633,216			Expenditure - R 1,582,609	R -			Budget was for retention which has been paid.		Need proof of payment	78	N	☹
					Masibambisane Stage 3 - Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100%	a) Stage 1 - 100% by June 2018 b) Stage 2 - 100% by June 2018	a) 100% b) 100%	Stage 3 - 10% by June 2019	100%	R 7 391 304	R 1 342 278				79	Y	☺
					Expenditure	Rand Value	Expenditure - Part of R 31,633,216			Expenditure - R 1, 342, 278 (was R 7, 391, 304)	R 1 342 278						80	Y	☺
					KwaDukuza Old Mains Replacement a) Stage 1 - Percentage completion by deadline b) Stage 2- Percentage completion by deadline c) Stage 3- Percentage completion by deadline d) Stage 4- Percentage completion by deadline e) Stage 5- Percentage completion by deadline	Percentage	a) New measure b) New Measure c) New Measure			a) Stage1 -100% by September 2018 b) Stage 2 - 100% by March 2019 c) Stage 3 - 100% by June 2019 d) Stage 4 - 100% by June 2019 e) Stage 5 - 80% by June 2019	a) 100% b) 100% c) 100% d) 100% e) 80%	R 13 021 739	R -				81	a) Y b) Y c) Y d) Y e) Y	a) ☺ b) ☺ c) ☺ d) ☺ e) ☺

NATIONAL KPA's	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2017-2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	BUDGET	ADJUSTED BUDGET	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL
BASIC SERVICE DELIVERY					**Maphumulo Old Mains Replacement** a) Stage 1 - Percentage completion by deadline b) Stage 2- Percentage completion by deadline c) Stage 3- Percentage completion by deadline	Percentage	a) New measure b) New Measure c) New Measure			a) Stage1 -100% by June 2019 (September 2018) b) Stage 2 - N/A (was 100% by March 2019) c) Stage 3 - N/A 100% by June 2019	a) Not done b) N/A c) N/A			Inception stage was done, however Operations & Maintenance unit was advised that, there was no need for such a project.			82	a) N b) N/A c) N/A	a) ☹ b) N/A c) N/A
					Mandeni Old Mains Replacement a) Stage 1 - Percentage completion by deadline b) Stage 2- Percentage completion by deadline c) Stage 3- Percentage completion by deadline	Percentage	a) New measure b) New Measure c) New Measure			a) Stage1 -100% by June 2019 (September 2018) b) Stage 2 - N/A (was 100% by March 2019) c) Stage 3 - N/A (100% by June 2019)	a) 100% b) N/A c) N/A						83	a) Y b) N/A c) N/A	a) ☺ b) N/A c) N/A
					Expenditure	Rand Value	Expenditure - New Measure			Expenditure - R 0 (was R 13,021,739)	R -						84	N/A	N/A
	BS01	To ensure access to potable water for domestic consumption and support local economic development	To provide sustainable infrastructure that will render water services	**Water conservation/Water Demand Management reports**	a) Number of reports prepared on Water conservation/Water Demand Management b) % reduction of unaccounted water (Real Losses)	Number & Percentage	a) 3 b) 30% by June 2018 (1% reduction from baseline)	a) 4 reports b) 29.5% by June 2018 (1.5% reduction from baseline)	a) 3 b) 30% by June 2018 (1% reduction from baseline)	a) 4 reports b) 29% by June 2019 (1%) (was 0.5%) reduction from baseline)	a) 3 b) Not reported	R 10 434 783	R 43 906 551	There was a delay in finalizing the process of appointing the service provider to undertake Water conservation/Water Demand Management due to objections by bidders.	The municipality is in the process of appointing the new service provider (TS/199/2019) for the period of three years.	a) Need evidence for Q4 b) Report & provide evidence	85	a) N b) N	a) ☹ b) ☹
				Ndwedwe Reticulation Refurbishment	**Ndwedwe North Refurbishment water schemes (was Nsuze;Chibini; Glendale;Waterfall; Esidumbini; Matholamnyama; Luthuli & Siminys Scheme) - TS/184/2017** Stage 6- Percentage completion by deadline	Percentage	a) Stage 1 - 100% b) Stage 2 - 100% c) Stage 3 - 100% d) Stage 4 - 100% e) Stage 5 - 100%	a) Stage 1 - 100% by September 2017 b) Stage 2 - 100% by September 2017 c) Stage 3 - 100% by December 2017 d) Stage 4 - 100% by March 2018 e) Stage 5 - 100% by June 2018	a) 100% b) 100% c) 100% d) 100% e) 100%	Stage 6 - 80% (was 70%) by June 2019	98%	R 52 173 912	R 37 772 910	There were good CPG partners who assisted the Contractor in speeding up progress on the ground.			86	Y	☺
					Ndwedwe South Reticulation Refurbishment TS/197/2019 Stage 5 - Percentage completion by deadline					Stage 5 - 100% by June 2019	98%					Project to be launched	87	Y	☺
					Expenditure	Rand Value	Expenditure - R 26,450,944			Expenditure - R 37,772,910 (was R 52,173,912)	R 41 238 577						88	Y	☺
				Lindelani Sewer upgrade - Ward 5	**Lindelani Sewer upgrade - KwaDukuza** Stage 1 - Percentage completion by deadline					Stage 1 - 100% by March 2019	100%	R 1,737,667	R 1,737,667	Inception report signed by both parties, dated 6 &17 April 2018			89	Y	☺
					Expenditure	Rand Value	New Measure			Expenditure - R 1,737,667	R 1 737 667			The adjusted budget should be R 1 731,667			90	Y	☺

DESCRIPTION OF STAGES 1 TO 7
Stage1 - (Planning,studies, investigations & assessments) completed by deadline
Stage 2 - Inception completed by deadline
Stage 3 - Concept & viability (Preliminary Design) completed by deadline
Stage 4 -Design development (Detailed Design)
Stage 5 - Documentation & Procurement
Stage 6 - Contract Admin (Construction)
Stage 7 - Close out

PERFORMANCE SYMBOLS			
TARGET MET	NOT MET	N/A	TOTAL
☺	☹	N/A	
65	32	13	110

WEIGHTINGS			
HIGH	MEDIUM	LOW	TOTAL
H	M	L	
108	1	1	110

DEPARTMENT: TECHNICAL SERVICES

SENIOR MANAGER: BHEKI SHEZI

NATIONAL KPA's	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2017-2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	BUDGET	ADJUSTED BUDGET	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS
BASIC SERVICE DELIVERY	BS01	To ensure access to potable water for domestic consumption and support local economic development	To eradicate the backlogs and cater for future demands that may arise out of the new developments that are likely to be implemented with IDM	Water backlog eradication	Percentage decrease in backlog eradication	Percentage	0.31%	1,60 % decrease from baseline of 20,28%	0.31%	0.57% (was 0.97%) decrease from baseline of 18.38% (was 18.66%)	0,84%	R 120 655 652	R 163 265 139	The Contractor accellerated work on the ground.			1	Y	☺	H
	BS02	To ensure access to basic sanitation for domestic consumption and support local economic development	To eradicate the backlogs and cater for future demands that may arise out of the new developments that are likely to be implemented with IDM	Sanitation backlog eradication	Percentage decrease in backlog eradication	Percentage	1,22%	0,73% decrease from baseline of 20,11%	1,22%	0.94% (was 1.14%) decrease from baseline of 15.26% (was 19.38%)	0,71%	R 69,565,217	R 56 356 890	Mandeni VIP toilets TS/156/2015 - The Consultant had to address faults from the previous phase before commencing on current year's allocation, as a result only 161 VIP	Faults have been sorted and construction has commenced on new phase		2	Y	☹	H
			To ensure uninterrupted water services	Turnaround time for reinstating water services	Percentage of reported households through the call centre responded with services reinstated within 48 hours on water	Percentage	100% within 48 hours	100% within 48 hours	100% within 48 hours	100% within 48 hours	100% within 48 hours	Salaries	Salaries				3	Y	☺	H
			To ensure uninterrupted sanitation services	Turnaround time for reinstating sanitation services	Percentage of reported households through the call centre responded with services reinstated within 24 hours on sanitation	Percentage	100% within 24 hours	100% within 48 hours	100% within 48 hours	100% within 24 hours	100% within 24 hours	Salaries	Salaries				4	Y	☺	H
	BS04	Create job opportunities through infrastructure projects	To create employment through implementation of projects	Implementation of projects that requires manual labour for EPWP	Number of job opportunities created through water infrastructure & service delivery efforts (Labour Intensive construction - LIC) (EPWP)	Number	811	800	811	1300 (was 1200)	1168	R 2 505 217	R 2 631 000	We could not achieve the target due to challenges encountered at Mandeni VIP project - TS/156/2015		There are queries that were raised in May 2019 and they are not resolved to date, such as unclear ID copies, incomplete ID numbers, etc	5	Y	☹	H
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	FV03	To ensure sound expenditure management	To ensure spending on capital projects as per allocations	Capital expenditure monitoring	Percentage of municipality's annual capital budget spent on agreed IDP projects for Technical Services	Percentage	93%	100%	93%	100%	68%	R 294 539 130	R 318 173 385	WSIG grant was received late and we could not appoint the service provider due to objection. Massification grant allocation was received late. RBIG - we could not get access to land, which delayed project expenditure	Objection is at MBAT and will be finalised in quarter 1. Massification grant has been spent, and there is a rollover to the new financial year. RBIG - we have applied for a rollover and Contractor to complete works by December 2019.		6	Y	☹	H
			To ensure infrastructure assets are maintained and operated at optimum level	Repairs and Maintenance Expenditure	Percentage of Repairs and Maintenance expenditure	Percentage	129%	100%	129%	100%	74%	R 39 300 994	Q4: R24,122,498 Q3:R 22,718,858 - Technical Services only (IDM & EI R 38,976,000)			Technical Services to follow up on this Provide reason for variance & corrective measure for target not met	7	Y	☹	H
	FV04	To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within the policy framework	Contract Management	Management of service providers	Number of quarterly reports on performance of service providers submitted to SCM by the 7th	Number	4	4	4	4	4	Salaries	Salaries				8	Y	☺	H
	FV05	To maintain a clean audit opinion	Ensure adequate financial and administration management.	Compliance with MFMA and clean administration	No repeat findings in the auditor generals management report	Number	0	0	0	0	0	Salaries	Salaries				9	Y	☺	H
GOOD GOVERNANCE & PUBLIC PARTICIPATION	GP04	To improve the quality of life within the district	Implementation of OSS	Operation Sukuma Sakhe	Number of district task team meetings attended	Number	0	8	0	5 (was 10)	8	Salaries	Salaries			Provide reason for variance & corrective measure for target not met No T/S representative on DTT attendance registers, as from July 2018 to June 2019.	10	N	☹	H
	GP06	Compliance and good Governance	To ensure effectiveness of Intergovernmental Relations	Promote Intergovernmental Relations	Number of Infrastructure forum meetings	Number	6	4	6	4	4	Salaries	Salaries				11	Y	☺	H
	GP08	To implement and maintain compliant, effective and efficient enterprise risk management systems and processes.	To ensure effective Enterprise Risk management	Risk Management	a) Number of updated risk monitoring tool submitted b) Number of risk management committee meetings attended	Number	a) 12 b) 5	a) 12 b) 4	a) 12 b) 5	a) 12 b) 4	a) 12 b) 5	Salaries	Salaries				12	a) Y b) Y	a) ☺ b) ☺	H

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GOOD GOVERNANCE & PUBLIC PARTICIPATION	GP010	To ensure effective Performance Management	People management	Clean administration	Performance Report with accurate & complete POEs submitted monthly and quarterly by deadline	Date	10th day of each month	10th day of each month	10-08-2017 08-09-2017 10-10-2017 10-11-2017 07-12-2017 10-01-2018 09-02-2018 09-03-2018 09-04-2018 10-05-2018 08-06-2018 10-07-2018	10th day of each month	08-08-2018 10-09-2018 09-10-2018 09-11-2018 10-12-2018 10-01-2019 08-02-2019 08-03-2019 10-04-2019 10-05-2019 10-06-2019 10-07-2019	Salaries	Salaries			The report is submitted on time, however evidence is given late and queries are not addressed by due date	13	Y	☹	M
			Budget and monitoring of performance against predetermined objectives	Performance Reviews	Number of performance reviews of Senior Managers/Manager's performance conducted quarterly	Number	4	4	4	4	4	Salaries	Salaries			Need Evidence for Q4	14	Y - Q1-Q3	☹	L

NATIONAL KPA's	IDP REF NUMBER	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2017-2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	BUDGET	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS	RESPONSIBLE PERSON
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	FV01	To ensure sound revenue management	Revenue management	Monitoring of revenue collection & Installation of meters	a) Percentage collection rate by deadline b) Reduction of unmetered households by deadline	Percentage & number	a) 60% b) 29%	a) 65% b) 5%	a) 69% b) 29%	a) 75% (was 65%) by end June 2019 b) 650 (was 1000) by end June 2019	a) 64% b) 1269	Salaries	a) Conversions of prepaid to conventional metering has increased billing and consumers are taking more time to pay. Disconnections are not done frequently. High level of faulty prepaid meters. That is what leads to the conversions. Culture of non payment by consumers. Additional areas are being read in Groutville which is resulting in more billing and unable to collect immediately.	a) Enforce and implement the credit control policy. Disconnect consumers frequently. Hand over consumers to the debt collector for collection. Monitor meters that are not buying water and convert them to conventional metering and also monitor the ones that have been converted and track payments as there was a culture that the consumers are on prepaid and therefore not pay		1	a) Y b) Y	a) ☹ b) ☺	H	Manager Revenue
				Maintain clean data by enforcing strict controls over DRS masterfile (Consumer Database) amendments	Percentage accuracy in billing by deadline	Percentage	86%	80%	86%	90% by end June 2019	88%	Salaries	Some of the areas are not read due to staff shortages There has been high a number of conversion of meters from prepaid to conventional resulting in high number of meters to be read with limited resources	One post for the meter reader has been recently advertised and concluded, hopefully the new employee will start on the 1st of August 2019		2	Y	☺	H	Manager Revenue
				Credit control	Percentage of overdue accounts restricted by deadline	Percentage	100%	100%	100%	100% by end June 2019	74%	Salaries	Due to shortage of staff target could not be met. Siza water was contracted to assist with restrictions, however due to overload, also they could not achieve target.	Siza water was contracted to assist with disconnections, restrictions and new connections		3	Y	☹	H	Manager Revenue
				Debtors management	a) Percentage of debtors over 90 days issued with notice via statements of accounts/SMS by deadline b) Percentage of debtors over 120 days handed over to attorneys for collection by deadline	Percentage	a) 100% b) 100%	a) 100% b) 100%	a) 100% b) 100%	a) 100% by end June 2019 b) 100% by end June 2019	a) 100% b) 100%	Salaries				4	a) Y b) Y	a) ☺ b) ☺	H	Manager Revenue
				Revenue protection and enhancement (Pg 15 of MFMA circular 71)	Revenue Growth (%) by deadline (Period under Review's Total Revenue - Previous Period's Total Revenue) / Previous Period's Total Revenue) x 100 (Norm is rate of CPI) (Service charges)	Percentage	2%	5%	2%	5% by end June 2019	49%	Salaries	Increase in debtors, has resulted to high billing			5	Y	☺	H	Manager Revenue
				Revenue protection and enhancement (Pg 21 of MFMA circular 71)	Service Charges Revenue Budget Implementation by deadline (Actual Service Charges & Property Rates Revenue / Budgeted Service Charges & Property Rates Revenue x 100) (Norm is 95%)	Percentage	100%	70%	100%	70% by end June 2019	94%	Salaries				6	Y	☺	H	Manager Revenue
				Debtors Management	a) Percentage of household's on the indigent register earning less than R3500 with access to free basic services by deadline b) Number of indigents with access to free basic water services on the indigent register by deadline	Number & Percentage	a) 100% b) 2251	a) 100% b) 3500	a) 100% b) 2251	a) 100% by end June 2019 b) 3000 (was 4000) by end June 2019	a) 100% b) 1701	Salaries	b) Indigent applications are expiring and consumers are not coming forward to reapply for the benefit Not within the control on the dept dependant on consumers coming through	b)There is a Vuthela programme that is currently underway to align indigents register of the district to the local municipalities		7	a) Y b) Y	a) ☺ b) ☹	H	Manager Revenue
				Bad Debts management (Pg 8 of MFMA circular 71)	Bad Debts Written-off as % of the Bad Debt Provision by deadline Bad Debts Written-off (Period under review) / Provision for Bad Debt (Period under review) x100 (Norm is 100%)	Percentage	100%	100% (2016/17 financial year)	100%	100% by September 2019 (2017/18 financial year)	Nil	Salaries	In terms of the cross check bureau report the final recommendation to write off was nil			8	Y	N/A	H	Manager Revenue
	FV02	To ensure sound budgeting and compliance principles	Budget and compliance monitoring	Compliance with MFMA regulations	Submission of monthly reports and quarterly reports by deadline **Monthly Reports** - CFA - RME - AC - AO - OSA - CAA - FMG - MIG - RTSG - BSAC - PWPG -WSIG - RBIG - EEDG **Quarterly Reports** - BM - ME - LTC - MFM1 - IM	MFMA compliance Dates	All reports were submitted on time	Monthly reports not submitted later than 10 working days after the end of each month and quarterly reports not submitted later than 24 working days after end of each quarter	All reports submitted on time	Monthly reports not submitted later than 10 working days after the end of each month and quarterly reports not submitted later than 24 working days after end of each quarter	All reports were submitted on time	Salaries				9	Y	☺	H	Manager Budget & Compliance
				Credible budgeting and compliance	Approved fully funded Operating & Capital Budget for 2019/2020 by deadline	MFMA compliance Dates	The annual budget for 2018/2019 was approved by Council on 29 May 2018	31 May 2018	The annual budget for 2018/2019 was approved by Council on 29 May 2018	31 May 2019	The annual budget for 2019/2020 was approved by Council on 29 May 2019	Salaries				10	Y	☺	H	Manager Budget & Compliance
				Compliance with MFMA regulations & Treasury	Compliance with MFMA Budget Regulations, circulars and Treasury	Compliance checklist from KZN Provincial Treasury	(a) Complied with KZN Provincial Treasury compliance checklist on 2017/2018 approved adjustment budget (b) Complied with KZN Provincial Treasury compliance checklist on 2018/2019 approved 1st draft budget	a) Compliance with 2017/2018 Treasury checklist b) Compliance with 2018/2019 Treasury checklist	(a) Complied with KZN Provincial Treasury compliance checklist on 2017/2018 approved adjustment budget (b) Complied with KZN Provincial Treasury compliance checklist on 2018/2019 approved 1st draft budget	a) Compliance with 2018/2019 Treasury checklist b) Compliance with 2019/2020 Treasury checklist	a) Complied with 2018/2019 Treasury checklist on 2018/2019 approved adjustment budget b) Complied with 2019/2020 Treasury checklist on 2019/2020 approved 1st draft budge	Salaries				11	a) Y b) Y	a) ☺ b) ☺	M	Manager Budget & Compliance
				Clean administration	Implementing and monitoring SOPs on a monthly basis	Number	12 SOPs monitoring reports	a) 12 SOPs monitoring reports b) 4 AG key controls monitoring reports c) 4 AG Dashboard monitoring reports	a) 12 SOPs monitoring reports b) 4 AG key controls monitoring reports c) 4 AG Dashboard monitoring reports	12 SOPs monitoring reports by end June 2020	12 SOPs monitoring reports	Salaries				12	Y	☺	H	Manager Budget & Compliance
				Quality, reliable financial statements and management information	a) Preparing monthly AFS that complies with the year end action plan b) Monitoring progress on audit queries resolving plan	Number & Percentage	a) 9 AFS including June 2017 b) 91%	a) 9 (including June 2017 AFS) b) 80%	a) 9 AFS including June 2017 b) 91%	a) 12 (including June 2018 AFS) b) 80%	a) 12 b) 92%	Salaries				13	a) Y b) Y	a) ☺ b) ☺	H	Manager Budget & Compliance

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MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	FV03	To ensure sound expenditure management	Debt management	Debt coverage (Pg 9 of MFMA circular 71)	Debt Total Borrowings & Revenue (Debt (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant) (Norm is 45% & below)	Percentage	13%	25%	13%	25%	11%	Salaries				14	Y	☺	H	Manager Expenditure
			Cash flow management	Liquidity Management (Pg 7 & 8 of MFMA circular 71)	Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants) ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) (Norm Range between 30 and 90 days with 90 days being ideal)	Number	29 days	15 days cash on hand	29 days	60 days cash on hand	34 days	Salaries	Cash flow position continues to be constrained given the persisted poor collection rate particularly from historic debt	Management and Council are working vigorously to turn the situation around. This includes amongst other things: - Strengthening of credit control and collection measures; - Stringent cash flow monitoring; - Revamping and re-enforcing control measures at the Stores after establishing procedural loopholes that have resulted into stock issues without proper accountability; - Building cash reserves by ring-fencing VAT Refunds / Interest earned on grant funded invested funds - Cutting back on operational budget (i.e. non-grant funded expenditure)		15	Y	☹	H	Manager Expenditure
			Working capital management		Current Ratio Current Assets / Current Liabilities (Norm 1.5 to 2:1)	Ratio	0.89:1	1.3:1	0.89:1	1.5:1	1.37:1	Salaries	Refer 15 above	Refer 15 above		16	Y	☹	H	Manager Expenditure
			Debt management	Payment of creditors (Pg 16 of MFMA circular 71)	Average number of days taken for trade creditors to be paid Creditors Payment Period (Trade Creditors) Trade Creditors Outstanding/Credit Purchases (Operating & Capital) x 365 (Norm is 30 days)	Number	30 days	30 days	38 days	30 days	35 days	Salaries	Refer 15 above	Refer 15 above		17	Y	☹	H	Manager Expenditure
			Expenditure management	Remuneration costs monitoring (Pg 17 of MFMA circular 71)	Remuneration (Employee Related Costs & Councillors Remuneration) as a % of Total Operating Expenditure) Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x 100 (Norm 25% to 40%)	Percentage	33%	35%	33%	35%	30%	Salaries				18	Y	☺	H	Manager Expenditure
	FV04	To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within policy framework	Supply chain management	Implementation of demand management	Percentage progress in implementing procurement plan by deadline	Percentage	81%	80%	51%	100% by end June 2019	76%	Salaries	The target of 100% could not be met as some projects did not start within the financial year therefore impacting on the final target	Closely monitor user departments for the time frames as set out in the procurement timetable so projects are completed within the stipulated timelines		19	Y	☹	H	Manager SCM
			Supply chain management	Acquisition management	a) Turnaround time for the SCM processes in recommending preferred bidders to Departments (quotations, adverts etc) (Between R30 000 & R200 000) b) Turnaround time for the SCM processes in recommending preferred bidders to Departments (quotations, adverts etc) (Between R2000 and R29 999)	Number of days	a) 8.08 days b) 2.80 days	a) 10 days b) 5 days	a) 8.08 days b) 2.80 days	a) 10 days b) 5 days	a) 10 days b) 3 days	Salaries				20	a) Y b) Y	a) ☺ b) ☺	H	Manager SCM
			Supply chain management	Implementation of acquisition management	Turnaround for finalization of scm processes (closing date of an advert to the date of award with no objections)	Number	87 days	120 days	87 days	90 calendar (was working) days	94 calendar days	Salaries	No projects were awarded during Aug, Sept Oct, Nov 2018, Feb, March, April and June 2019	There should be close monitoring on bid committee sittings to be finalised within the stipulated time frames		21	Y	☹	H	Manager SCM
			Supply chain management	Contract management	Number of consolidated quarterly reports on performance of service providers prepared by deadline	Number	4	4	4	4 by end June 2019	4	Salaries				22	Y	☺	H	Manager SCM
			Logistics management	Inventory management	a) Frequency of stock take by deadline b) Turnaround time to resolve variances by deadline c) Frequency of recons conducted between the stock report as per Munsoft and AFS by deadline	Frequency & Time	a) 12 stock take completed b) 14 days c) 12	a) 12 b) 14 days c) 12	a) 12 b) 14 days c) 12	a) 12 b) 14 days c) 12	a) 12 stock take completed b) 14 days c) 12	Salaries				23	a) Y b) Y c) Y	a) ☺ b) ☺ c) ☺	H	Manager SCM
	FV05	To achieve a clean audit opinion	Budget and compliance monitoring	Achieve Clean Audit	Achieve Clean audit opinion	AG Report	Unqualified Audit Opinion with findings	Clean audit report by the AG for 2016/2017	Unqualified Audit Opinion with findings	Clean audit report by the AG for 2017/2018	Unqualified audit opinion achieved	Salaries	Matters that were qualified were due to financial constraints			24	Y	☺	H	Manager Budget & Compliance
	FV06	To ensure sound and effective asset management	Assets and logistics management	Conduct Asset Verification for Quality and a reliable fixed asset register	a) Frequency of asset verification on i) movable assets including 2017/18 4th quarter ii) immoveable assets - for 2017/2018 FY b) Frequency of recons conducted between the asset register & AFS	Frequency	a) i) 4 ii) 1 b) 12	a) i) 4 ii) 1 b) 12	a) i) 4 ii) 1 b) 12	a) i) 4 ii) 1 b) 12	a) i) 4 ii) 1 b) 12	Salaries				25	a) i) Y ii) Y - in Q1 b) Y	a) i) ☺ ii) ☺ b) ☺	H	Manager Assets & Logistics
			Assets and logistics management	Adequacy of maintenance of fixed assets for sustainable service delivery (Pg 3 of MFMA Circular 71)	Impairment of Property, Plant and Equipment and Investment Property and Intangible Assets (Carrying Value) (Property, Plant and Equipment + Investment Property + Intangible assets Impairment / (Total Property, Plant and Equipment + Investment property + Intangible Assets) x 100)	Percentage	0.30%	0%	0.30%	0%	0.12%	Salaries				26	Y - Q1	☺	H	Manager Assets & Logistics
			Assets and logistics management	Assets Under Construction monitoring	Frequency of recons conducted between assets under construction & project register by deadline	Frequency	12	12	12	12 by end June 2019	12	Salaries				27	Y	☺	H	Manager Assets & Logistics
			Assets and logistics management	Adequacy of investment in fixed assets (Pg 2 of MFMA Circular 71)	Capital Expenditure to Total Expenditure Total Capital Expenditure/Total Expenditure (Total operating Expenditure + Capital Expenditure) x 100) (Norm 10-20%)	Percentage	34.65%	20%	34.65%	20%	24%	Salaries	The norm is 10% - 20%. For the past two financial years the Municipality has averaged between 30% and 38%. This is mainly due to the massive infrastructural programmes in place which is aimed at eradicating water backlogs. The infrastructure programs concerned are mainly funded through Government Grants.			28	Y	☺	H	Manager Assets & Logistics

NATIONAL KPA's	IDP REF NUMBER	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2017/2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	BUDGET	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS	RESPONSIBLE PERSON
GOOD GOVERNANCE & PUBLIC PARTICIPATION	GP04	To improve the quality of life within the district	Implementation of OSS	Operation Sukuma Sakhe	Number of District Task Team meetings attended	Number	2	6	2	10	9	Salaries	The DTT meeting was not held in June 2019 due to strike	The next DTT meeting will be held in the next financial year		29	Y	☺	H	CFO
	GP06	Compliance and good Governance	To ensure effectiveness of Intergovernmental Relations	Promote Intergovernmental Relations	Number of CFO Forum meetings scheduled	Number	4	4	4	4	4	Salaries				30	Y	☺	H	CFO
	GP08	To implement and maintain compliant,effective and efficient enterprise risk management systems & processes	To ensure effective Risk management	Risk management	a) Number of updated risk monitoring tool submitted b) Number of risk management committee meetings attended	Number	a) 12 b) 5	a) 12 b) 4	a) 12 b) 5	a) 12 b) 4	a) 12 b) 5	Salaries	b) Target exceeded due to special meeting that was held on 19 June 2019.			31	a) Y b) Y	a) ☺ b) ☺	H	CFO/Manager SCM/ Expenditure /Budget & Compliance/Assets & Logistics
	GP010	To ensure effective Performance Management	Budget and monitoring of performance against predetermined objectives	Clean administration	Performance Report with accurate & complete POEs submitted by deadline monthly and quarterly	Date	10th day of each month	10th day of each month	20-10-2017 14-12-2017 10-01-2018 13-02-2018 14-03-2018 17-04-2018 18-05-2018 25-06-2018 23-07-2018	15th (was 10th) day of each month	06-08-2018 11-09-2018 08-10-2018 08-11-2018 07-12-2018 09-01-2018 12-02-2019 11-03-2019 10-04-2019 14-05-2019 13-06-2019 15-07-2019	Salaries				32	Y	☺	H	CFO
			People management	Performance Reviews	Number of performance reviews of employees performance conducted quarterly	Number	3	4	3	4	4	Salaries				33	Y	☺	L	CFO

PERFORMANCE SYMBOLS			
TARGET MET	NOT MET	N/A	TOTAL
☺	☹	N/A	
35	8	1	44

WEIGHTINGS			
HIGH	MEDIUM	LOW	TOTAL
H	M	L	
41	2	1	44

DEPARTMENT: CORPORATE SERVICES

SENIOR MANAGER: THANDAZANI MAKHUBA

NATIONAL KPA's	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/2018	ANNUAL ACTUAL 2017/2018	ANNUAL TARGET 2018/2019	ANNUAL ACTUAL 2018/2019	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS	RESPONSIBLE PERSON
MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION			To align Human Resource Policies with legislation (was To review the Human Resource Policies)	Human Resources Management Excellence (was Recruitment)	Number of policies reviewed/developed and submitted to Exco and Council by deadline	7 Policies reviewed and submitted to Exco on 26 June and Council on 28 June 2018	3 Policies reviewed and submitted to Exco by end June 2018	7 Policies reviewed and submitted to Exco on 26 June and Council on 28 June 2018	3 Policies reviewed and/or developed submitted to Exco & Council by end June 2019	7 Policies were reviewed and presented to Council workshop on the 20 June 2019. Submission to Exco & Council has not been done.	Submission to Exco & Council is awaiting further scrutiny by Senior Manager: Corporate Services. The target has been exceeded due to additional policies that had to be reviewed in order to be aligned with the new SALGBC KZN Conditions of Service Collective Agreement.	To be submitted to Exco & Council in the 1st quarter of 2019/2020		1	Y	☹	M	Manager Human Resources
			To manage the staff component of the Municipality		a) Percentage of new employees invited to attend induction in terms of the induction policy by deadline b) Number of Induction Workshops held by deadline	a) 100% b) New Measure	a) 100% b) New Measure	a) 100% b) New Measure	a) 100% b) 4 by June 2019	a) 100% b) 0	a)The induction was done in July and October 2018. b) Induction was scheduled for 28th March 2019, however it was postponed to 02 April 2019 but was not held due to unavailability of newly appointed employees. There were no new appointments as from April to June 2019.	b) Will be held in the next financial year 2019/2020		2	a) Y b) Y	a) ☺ b) ☹	M	Manager Human Resources
					% Reduction of Vacancy rate (as a %of budgeted posts)	12.84%	Vacancy rate under 20%	12.84%	Vacancy rate under 12% (was 18%)	14.29%	The increased vacancy rate figure is somehow affected by the implementation of austerity measures as some posts are prioritised to be filled. Also, it is affected by resignations, retirements, dismissals and deaths.	To conclude eight prioritised posts by the first quarter.		3	Y	☹	M	Manager Human Resources
			To implement employment equity plan		Number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan	2	2 by June 2018	2	3 by March 2019 (was 1 June 2019)	2	3 people were appointed in the three highest levels, but only 2 comply with the Equity Plan. The target should have been to appoint 2 males and 1 female in order to be in line with the Equity Plan & Targets. Equity Target candidates can only be appointed if they comply with and meet the requirements as provided for in the Regulations on Appointment and Conditions of Employment of Senior Managers.	Adverts already include a sentence that reads thus: "**Women are strongly encouraged to apply**"		4	Y	☹	M	Manager Human Resources
					a) Report on Employment Equity Plan submitted to Department of Labour by deadline. b) Quarterly Reports on monitoring the implementation of the Employment Equity Plan.	a) The report on Employment equity plan was submitted to Department of Labour on 8 January 2018 b) Report on employment equity implementation monitoring was submitted HRD Committee and Manco.	a) End by January 2018 b) End June 2018	a) The report on Employment equity plan was submitted to Department of Labour on 8 January 2018 b) Report on employment equity implementation monitoring was submitted HRD Committee and Manco.	a) By 15 (was End) January 2019 b) 2 Reports by end June 2019	a) Submitted on 13 December 2018 b) Reports prepared.	b) The HRD sat before the MANCO and the report was incorprated in the LPA report that served at MANCO.	b) Next HRD report to serve at MANCO in the 1st quarter of 2019/2020	b) Please provide evidence, as we have 1 report dated 26 April 2019	5	a) Y b) Y- **Insufficient evidence**	a) ☺ b) ☹	M	Manager Human Resources
			To improve the capacity of staff to deliver services	Workplace Skills Plan implementation	Percentage municipality's budget actually spent on implementing the approved WSP	50%	100%	50%	1% (was 100%)	0.56%	Institutional budgetary constraints inclusive of austerity measures currently impose financial constraints on allocation of skills development given urgent and top priority service delivery imperatives.	Training provision enhanced through external training opportunities including but not limited to Lgseta, SALGA, coGTA, etc.		6	Y	☹	M	Manager Human Resources
	MTI01	To establish an efficient and productive administration			a) Percentage of employees trained in accordance with the WSP b) Percentage of relevant employees & Councillors informed of invitations for relevant training & development programmes through COGTA, SALGBC, & SETA approved. programmes c) Percentage of formal letters issued to approved employees for registration for formal education	a) 22% b) 100% c) 100% d) 27 e) 20%	a) 30% b) 100% c) 100% d) 23 e) 30%	a) 22% b) 100% c) 100% d) 27 e) 20%	a) 50% (was 70%) b) 100% c) 100% d) 15 (was20) e) 50% (was 70%	a) 50 b) 100% c) 100% d) 22 e) 60%	d & e) Targets were exceeded due to additional programmes from Departments which had to be accommodated.			7	a) Y b) Y only in Q1 c) Y in Q1 d) Y e) Y	a) ☺ b) ☺ c) ☺ d) ☺ e) ☺	M	Manager Human Resources

NATIONAL KPA's	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/2018	ANNUAL ACTUAL 2017/2018	ANNUAL TARGET 2018/2019	ANNUAL ACTUAL 2018/2019	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS	RESPONSIBLE PERSON
MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION					Quarterly reports on implementation of District Human Resource Development Strategy/Plan by deadline	District HR development strategy/Plan has been submitted to Exco and Council on 26 and 28June 2018 respectively	Development and adoption of District HR development strategy/Plan end June 2018	District HR development strategy/Plan has been submitted to Exco and Council on 26 and 28June 2018 respectively.	4	4	Report done but not submitted to Exco & Council. Organised labour demanded that the report be first tabled at LLF.	To be submitted to LPA & LLF in the 1st quarter of 2019/2020 as per request.		8	Y	☺	M	Manager Human Resources
					Workplace Skills Plan (WSP) & Annual Training Report (ATR) completed and submitted by deadline	WSP 2018/19 & ATR 2017/18 were sent to LGSETA on 30 April 2018	WSP & ATR to LGSETA by 30 April 2018	WSP 2018/19 & ATR 2017/18 were sent to LGSETA on 30 April 2018	WSP & ATR to LGSETA by 30 April 2019	WSP & ATR was submitted to LGSETA on the 30 April 2019				9	Y	☺	M	Manager Human Resources
			To ensure the municipality has well skilled and qualified employees	Skills retention	Conduct investigation on scarce skills by deadline	New Measure	New Measure	New Measure	End June 2019	Investigation conducted has been captured through the Policy on Municipal Staff Retention and Attraction				10	Y	☺	M	Manager Human Resources
					Quarterly reports on implementation of Municipal Assisted study scheme for employees policy	Municipal Assisted study scheme for employees policy adopted by Council on 28 June 2017	Develop and adopt bursary policy by end June 2018	Municipal Assisted study scheme for employees policy adopted by Council on 28 June 2017	4	4				11	Y	☺	M	Manager Human Resources
			To ensure the municipality provides a safe working environment.	Implementation of Occupational Health & Safety Policy and Plan.	a) Quarterly Reports on Implementation of Occupational Health & Safety Plan. b) Monthly Reports on Implementation of Occupational Health & Safety Plan and Policy	Occupational Health & Safety Policy approved and adopted by Exco and Council on 26 and 28 June 2018 respectively	Development of policy and plan by June 2018	Occupational Health & safety policy has been developed and submitted to Exco and Council for approval and adoption on 26 and 28 June 2018 respectively.	a) 4 b) 6	a) 4 b) 6	a) 4th Quarter report submitted. The first 3 quarters were not submitted because of monthly reports being submitted.	a) Matter discussed with Senior Manager and clarity was provided that monthly reports must be condensed to quarterly reports.		12	a) Y b) Y	a) ☺ b) ☺	H	Manager Human Resources
			To promote a safe and healthy work environment in terms of the Occupational Health & Safety Act & other relevant legislation	Occupational Health & Safety Training	a) Number of staff trained on site b) Number of sites inspected in terms of unsafe working conditions c) Number of Occupational Health & Safety workshops held in each LM	a) 184 b) 43	a) 70 (was 40) b) 25 (was 20)	a) 184 b) 43	a) 140 (was 70 by end June 2019) by end March 2019 b) 160 (was 25) c) 4	a) 235 b) 66 c) 14	a) & c) Due to interest in occupational health & safety, more staff attended. b) Challenges differ from site to site which impacts on time spent in each area. Distance travelled between sites, also affects time	b) Target will be re-looked at, in the new financial year, based on challenges encountered. Standard OHS Site Inspection & Assessment Schedule to be developed to expedite critical aspects of each and every site inspection.		13	a) Y b) Y c) Y	a) ☺ b) ☹ c) ☺	M	Manager Human Resources
			To ensure the well being of employees	Employee wellness	Number of employee wellness programmes held	6	4	6	4	5	Target exceeded due to an additional wellness programme which was done through health service providers.			14	Y	☺	M	Manager Human Resources
			To ensure a safe and healthy working environment	Working environment (was Municipal buildings)	Assessment of iLembe House municipal buildings based on health and safety.	Service provider is not yet appointed to conduct assessment of iLembe House.	End June 2018	Service provider is not yet appointed to conduct assessment of iLembe House.	Draft feasibility study report by end June 2019	Not done	Failure of the Service provider to present according to expectation of the municipality led to non finalization of this target. It was agreed that this will be re-advertised.	Strategic intergovernmental engagements with high capacity neighbouring municipalities to provide technical support at no costs, are in progress.		15	Y	☹	M	Manager Support Services
	MTI03	To provide and maintain an effective Document Management System	To ensure effective and efficient documents management systems are in place	Records management	Number of Workshops on effective Document Management System by deadline (was Percentage implementation of electronic records Management System by	Not Done	20% by June 2018	Not Done	4 (was 30%) by June 2019)	4				16	Y	☺	M	Manager Support Services
	MTI04	To ensure effective governance through regular Council meetings	Supply resources & Council Support Services for all Council meetings	Coordination of Council meetings	a) Percentage of Total scheduled meetings of Council that are actually conducted b) Number of scheduled meetings of Council that are co- ordinated by deadline. c) Number of minutes prepared as per meetings held by deadline	a) 100% b) New Measure c) New Measure	a) 100% b) New Measure c) New Measure	a) 100% b) New Measure c) New Measure	a) 100% b) 2 c) 2	a) 100% b) 6 c) 6	b) & c) Target exceeded, due to Special Council meetings that were convened.			17	a) N/A b) Y c) Y	a) N/A b) ☺ c) ☺	L	Manager Support Services
				Coordination of Exco meetings	a) Percentage of Total scheduled meetings of Exco that are actually conducted b) Number of scheduled meetings of ExCo that are co-ordinated by deadline. c) Number of minutes prepared as per meetings held by deadline	a) 100% b) New Measure c) New Measure	a) 100% b) New Measure c) New Measure	a) 100% b) New Measure c) New Measure	a) 100% b) 5 c) 5	a) 100% b) 10 c) 10	The additional meetings were as a result of Special meetings convened.			18	a) N/A b) c)	a) N/A b) ☺ c) ☺	L	Manager Support Services

NATIONAL KPA's	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/2018	ANNUAL ACTUAL 2017/2018	ANNUAL TARGET 2018/2019	ANNUAL ACTUAL 2018/2019	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS	RESPONSIBLE PERSON
MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION				Coordination of Portfolio Committees meetings	a) Percentage of Total scheduled meetings of Portfolio Committees that are actually conducted b) Number of scheduled meetings of Portfolio Committees that are co-ordinated by deadline c) Number of minutes prepared as per meetings held by deadline	a) 93% b) New Measure c) New Measure	a) 100% b) New Measure c) New Measure	a) 93% b) New Measure c) New Measure	a) 100% b) 16 c) 16	a) 100% b) 16 c) 15	c) Local Public Administration & Labour Relations Portfolio Committee agenda was issued however, the meeting was not held on 12 June 2019 due to lack of quorum.	c) The meeting will be held on the 06th of August 2019.		19	a) N/A b) Y c) Y	a) N/A b) ☺ c) ☹	L	Manager Support Services
	MTI05	To provide legal advice and ensure resolution of legal matters against and/or on behalf of the municipality	To limit losses to the municipality - legal risk mitigation	Legal matters	Percentage of legal cases resolved (excluding cases which become the subject of contested litigation)	100%	100%	100%	100%	Nil	None received			20	N/A	N/A	H	Senior Manager:Corporate Services (was Manager Legal)
					Number of days for drawing up and vetting legal documents	4.91 days	Maintain 10 days	4.91 days	Maintain 10 days	2.66 days	None received as from February to June 2019			21	Y - only for 7 months	☺	M	Senior Manager Corporate Services
				Formal Objections	Turnaround time for legal matters (formal objection/service level agreements)	5 days	1 month	5 days	1 month	15 days	None received as from February to June 2019			22	Y - only for 7 months	☺	M	Senior Manager:Corporate Services (was Manager Legal)
			To ensure the Municipality is legally protected in its agreements with service providers	Service Providers/ Stakeholders	Percentage of service level agreements that are finalised within one month of request	100%	100%	100%	100%	100%	None received as from February to June 2019			23	Y - only for 7 months	☺	M	Senior Manager:Corporate Services (was Manager Legal)
			Maintain ICT Systems and monitor service providers	Monitoring of Service Level agreements	a) Renewal of SLA's before their expiry date b) Monthly reports on Monitoring of performance on ICT SLA's	a) All SLA's were renewed before expiry date except one. b) New Measure	a) All SLA's renewed before expiry date b) New Measure	All SLA's were renewed before expiry date except one. B) New measure	a) All SLA's renewed before expiry date b) 4	a) SAGE VIP SLA renewed Mimecast is not yet renewed b) 4	a) Capital Office Automation for Printers appointed SAGE VIP SLA was due for renewal on 28 Feb, however it was renewed on 2 April 2019 as we were awaiting for adjustment budget. SLA renewal is dependant on budget availability. SLA for Mimecast could not be renewed before the start of the new FY, as budget is required to prepare an order. The system was closed up until 15 July 2019	a) SLA for Mimecast will be renewed in the 1st quarter of 2019/2020.		24	a) Y b) Y	a) ☹ b) ☺	M	Manager ICT
	MTI06	To provide an innovative, effective and efficient Information and Communication Technology service.	To update and review annually	ICT policies and plans reviewed	ICT security policy reviewed based on AG findings and submitted to Exco/Council by deadline	ICT Security policy reviewed and submitted to Council for adoption on 28 June 2018	End June 2018	ICT Security policy reviewed and submitted to Council for adoption on 28 June 2018	End June 2019	ICT security policy has been reviewed and submitted to Council in June 2019	ICT security policy has been reviewed and presented to Council workshop on the 20 June 2019 and submitted to Council for approval			25	Y	☺	M	Manager ICT
			To enable the achievement of the municipal objectives as per the IDP	ICT strategy	a) Development of project plans by deadline b) Number of Functional ICT Strategy project plans by deadline (Biometric & Call Centre) (was Percentage Implementation of ICT Strategy by deadline)	ICT Strategy submitted to Exco for approval on 26 June 2018 and Council for adoption on 28 June 2018	End June 2018	ICT Strategy submitted to Exco for approval on 26 June 2018 and Council for adoption on 28 June 2018	a) 4 project plans b) 2 (was 25%) by End June 2019	a) 4 b) Nil	b) Biometric Access Control System procurement through deviation as sole service provider in dispute and escalated to CoGTA and Provincial Treasury for advisory inputs to avert irregular expenditure. - Launch of Call Centre App delayed due to unavailability of fieldworkers to attend training in May 2019. Also, fieldworkers training could not be conducted on 26 June 2019, due to strike action 2019	b) Once appropriate advisory inputs are obtained, bid specifications and subsequent procurement processes to be concluded in 1st quarter of 2019/20 financial year. - Fieldworkers training was only conducted on 23 July 2019. Call Centre App Launch planned for August 2019		26	a) Y- In Q3 b) Y	a) ☺ b) ☹	M	Manager ICT
			To reduce the costs of electricity consumption and greenhouse emissions	Implementation of Energy Efficiency Technology	Number of buildings with Energy Efficiency Technology installed by deadline (was Percentage implementation of the Energy Efficiency Technology for water & sewer treatment plants)	80%	100% by June 2018	80%	6 (was 100% by June 2019)	6				27	Y	☺	M	Manager ICT
			To align ICT objectives with best practices	ICT Governance Framework	a) Number of reports on implementation of ICT risk management, b) Implementation of ICT disaster Recovery plan c) Number of Business Continuity tests conducted by deadline d) Number of quarterly reports on ICT Governance Framework (was Percentage implementation of the IT Governance Framework by deadline)	ICT Governance Framework submitted to Exco for approval on 26 June 2018 and Council for adoption on 28 June 2018	End June 2018	ICT Governance Framework submitted to Exco for approval on 26 June 2018 and Council for adoption on 28 June 2018	a) 4 b) 4 c) 2 d) 4 (was 25%) by End June 2019	a) 4 b) 6 c) 2 d) 4		b) This KPI was added in March, as a result the target is 4 monthly reports		28	a) Y b) Y c) Y d) Y	a) ☺ b) ☺ c) ☺ d) ☺	M	Manager ICT

NATIONAL KPA's	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/2018	ANNUAL ACTUAL 2017/2018	ANNUAL TARGET 2018/2019	ANNUAL ACTUAL 2018/2019	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS	RESPONSIBLE PERSON
MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION			Provision and management of telephone communications	Extension of Telephone Management system to remote sites	Number of remote sites connected (was Percentage Implementation of the Telephone management system (remote sites - Ndwedwe)	100%	100% by June 2018	100%	1 (was 100%) by June 2019	1	Telephone system for Ndwedwe office tested and working.			29	Y	☺	M	Manager ICT
			To ensure effective and efficient functioning of ICT	Functional ICT infrastructure	Number of quarterly reports on the Assessment and maintenance of ICT infrastructure	4	4	4	4	4				30	Y	☺	M	Manager ICT
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	FV04	To procure quality goods and services in a cost effective, transparent, competitive, equitable and efficient manner within the policy framework	Contract Management	Management of service providers	Number of quarterly reports on performance of service providers submitted to SCM by the 7th	4	4	4	4	4	Late submission of ICT Service Providers performance report for the 4th quarter on the 10th July 2019	ICT Service Providers Workshop to be convened in 1st Quarter of 2019/20 to address, inter alia, performance reports.		31	Y	☹	H	Senior Manager:Corporate Services
	FV05	To achieve a clean audit opinion	Ensure adequate financial and administration management.	Compliance with MFMA and clean administration	a) No repeat findings (except in cases where it is beyond department's control) b) Monitoring progress on audit queries resolving plan	a) 2 b) 88%	a) 0 b) 80%	a) 2 b) 86%	a) 0 b) 80%	a) 1 b) 94%	a) The municipality was not able to hire new staff to fill vacant ICT posts due to budget constraints.	a) The IT Compliance Officer post is in process of being filled. For the remaining vacant posts, management will engage with Budget Steering Committee and ensure that, the required funds are made available to fill vacant ICT posts.		32	a) Y b) Y	a) ☹ b) ☺	H	Senior Manager:Corporate Services
GOOD GOVERNANCE & PUBLIC PARTICIPATION	GP04/09	To improve the quality of life within the district	Implementation of OSS	Operation Sukuma Sakhe	Number of district task team meetings attended	4	6	4	10	6	There was no Corporate Services representative in DTT meeting held on 11 Dec 2018, 24 Jan 2019 and 24 May 2019. The DTT meeting was not held in June 2019 due to strike.	Inclusion in all subsequent scheduled DTT Meetings to be confirmed through Community Services Department.		33	Y	☹	H	Senior Manager:Corporate Services
	GP06	Compliance and good Governance	To ensure effectiveness of Intergovernmental Relations	Promote Intergovernmental Relations	Number of Corporate Services sub Forum meetings attended	9	4	9	8 (was 4)	9				34	Y	☺	H	Senior Manager:Corporate Services
	GP08	To implement and maintain compliant, effective and efficient enterprise risk management systems and processes	To ensure effective Enterprise Risk management	Risk Management	a) Number of updated risk monitoring tool submitted b) Number of risk management committee meetings attended	a) 12 c) 5	a) 12 c) 4	a) 12 c) 5	a) 12 c) 4	a) 12 b) 5	b) Target exceeded due to special meeting was held on 19 June 2019.			35	a) Y b) Y	a) ☺ b) ☺	H	Senior Manager:Corporate Services
	GP010	To ensure effective performance management	Peoples Management	Performance Reviews	Number of performance reviews of Manager's performance conducted quarterly	4	4	4	4	2	Inherently poor coordination of Coaching Sessions & Departmental MANCO Sessions	Coaching Sessions and Departmental MANCO Calendar to be scheduled.		36	Y	☹	L	Senior Manager:Corporate Services
			Budget and monitoring of performance against predetermined objectives	Clean administration	Performance Report with accurate & complete POEs submitted by deadline monthly and quarterly	10th day of each month	10th day of each month	10 August 2017 08 September 2017 10 October 2017 10 November 2017 08 December 2017 10 January 2018 09 February 2018 09 March 2018 10 April 2018 10 May 2018 08 June 2018 10 July 2018	10th day of each month	09 September 2018 10 October 2018 09 November 2018 10 December 2018 10 January 2019 08 February 2019 08 March 2019 10 April 2019 10 May 2019 10 June 2019 10 July 2019	Middle Management non-responsiveness to Performance Reports submissions deadlines and incompleteness of submitted Performance Reports.	Implementation of Consequence Management measures.		37	Y	☹	M	Senior Manager:Corporate Services
	GP02	To promote accountability and deepen democracy through capacitating the community to participate and support municipal business.	To facilitate the deepening of democracy through ward committees and develop implementation plans for projects proposed through the public participation strategy	Implementation of Batho Pele	Development of the Batho Pele Policy and Procedure Manual submitted to Exco & Council by deadline	New Measure	New Measure	New Measure	End June 2019	Not done	Due to time constraints for comprehensive consultative engagements and Workshops on Draft Batho Pele Policy.	Reassigned to 2019/20 Financial Year given time constraints		38	N	☹	H	Senior Manager:Corporate Services

PERFORMANCE SYMBOLS			
TARGET MET	NOT MET	N/A	TOTAL
☺	☹	N/A	
39	17	4	60

WEIGHTINGS			
HIGH	MEDIUM	LOW	TOTAL
H	M	L	
11	39	10	60

DEPARTMENT: COMMUNITY SERVICES
ACTING SENIOR MANAGER : S NGUBANE

NATIONAL KPA's	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2017-2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF. NO.	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS	RESPONSIBLE PERSON
GOOD GOVERNANCE & DEMOCRACY	GP01	To strengthen partnership with various stakeholders through communicating municipal business	Effective public awareness on municipal business	Effective public awareness on municipal business through information dissemination	Number of Mayoral radio slots conducted by deadline	Number	50	32	50	40 by end June 2019	42	The target was exceeded because through the strengthened relationship with media that is always willing to support the municipality.			1	Y	☺	M	Manager Communication
				Effective public awareness on municipal business through information dissemination	a) Number of external newsletters prepared by deadline b) Number of internal newsletters prepared by deadline c) Quarterly reports on status of press releases prepared by deadline d) Percentage of adverts requested by departments that are advertised e)Turnaround time for media queries received & responded to f) Number of monthly external newsletters prepared by deadline	Number & Percentage	a) 1 b) 5 c) New measure d) 141 e) All responded within 36 hours from receipt F) New Measure	a) 1 b) 5 c) New Measure d) 80 e) Within 36 hours from receipt f) New Measure	a) 1 b) 5 c) New Measure d) 141 e) All responded within 36 hours from receipt f) New Measure	a) 2 (was 4) by end June 2019 b) 6 by end June 2019 c) 4 by end June 2019 d) 100% by end June 2019 e) Within 36 hours from receipt by end June 2019 f) 4 by end June 2019	a) 2 b) 6 c) 4 d) 100% e) All responded within 36 hours f) 6	a) A quotation for 4 quarterly newsletters was made and the process of appointing the service provider was underway. Mid September the communications unit was informed that it had to do monthly newsletters instead of quarterly ones. At the last minute we had to cancel the requisition that had been made and do a requisition for monthly newsletters. The draft external newsletter is available it is just that it has not been printed. Nov & Dec 2018 monthly newsletters were printed. f) This KPI was added in March, as a result the target is 4 monthly newsletters , however the newsletters were reported as from January to June 2019.			2	a) Y b) Y c) Y d) Y e) Y f) Y	a) ☺ b) ☺ c) ☺ d) ☺ e) ☺ f) ☺	M	Manager Communication
				Communication Strategy	Reviewed communicatbon Strategy submitted to Exco & Council by deadline	Date	15 & 29 May 2018	End June 2018	15 & 29 May 2018	End June 2019	Not done	The communication strategy was reviewed but not adopted.	The strategy will be reviewed and adopted timeously		3	N	☹	M	Manager Communicabon
				Implementation of the Language Policy	Percentage implementation of the initial stage of Language Policy by deadline (All adverts in IsiZulu)	Percentage	15 & 29 May 2018	End June 2018	15 & 29 May 2018	100% by end June 2019	78%	2019/2020 budget is in English only as it is figures. The various units gave us the adverts very close to the deadlines of the local newspapers as a result it was practically impossible to translate the adverts in time for publishing. Again, we had to advertise because these were compliance adverts	The affected departments will in future be reminded of the importance of translating the advert. These departments include Planning and Finance.		4	Y-Refer in evidence 2	☹	M	Manager Communication
				Media Engagement Strategy	Reviewed Media Engagement Strategy by deadline	Date	15 & 29 May 2018	End June 2018	15 & 29 May 2018	End June 2019	Not done	The media strategy was reviewed but not adopted	The strategy will be reviewed and adopted timeously		5	N	☹	M	Manager Communication
				Communication and Media Liaison Capacitation Workshops	Number of Workshops held by deadline	Number	4	4	4	1 by end June 2019	Not done	There expected support from COGTA and GCIS was not forth coming due to financial constraints	Capacity to train will be sought form the sector departments and local municipalities to facilitate capacity building and also for the target to be met		6	N	☹	M	Manager Communication
				Hosting of Municipal events/Mayoral public meetings	a) Number of events held by deadline (Council meetings open to the public held in local municipalities) b) Percentage of public participation meeting requested that are held by deadline c) Number of IDP/Budget meetings held by deadline	Number & Percentage	a) 54 b) 100% c) New measure	a) 27 b) 100% c) New measure	a) 54 b) 100% c) New measure	a) 40 by end June 2019 b) 100% by end June 2019 c) 30 by end June 2019	a) 49 b) 100% c) 36	a and c) The target was exceeded because through the strengthened relationship with local municipalities who are always willing to partner with the municipality for public engagements.			7	a) Y b) Y c) Y	a) ☺ b) ☺ c) ☺	M	Manager Communication
	GP03	To ensure prevention and mitigation against disasters	To ensure rapid and effective response in assisting vulnerable communities during incidents and disasters	Emergency Relief Aid	Percentage of incidents/disasters responded to within 48 hours of being reported by deadline	Percentage	85% response to all reported incidents within 48 hours	80% response to all reported incidents within 48 hours.	85%	80% response to all reported incidents within 48 hours by end June 2019	94%				8	Y	☺	H	Manager Disaster Management
			To ensure that disaster stricken communities exercise risk avoidance behaviour during all incidents & disasters	Awareness Campaigns	a) Number of Community Awareness campaigns held by deadline b) Percentage of awareness campaigns requested that are held by deadline	Number & Percentage	(a) 29 (b) 100%	a) 22 b) 100%	a) 29 b) 100%	a) 24 by end June 2019 b) 100% by end June 2019	a) 27 b) 100%	b) 2 requested awareness campaigns were conducted during the month of May 2018		a) Need reasons for exceeding target as per AG request	9	a) Y b) Y	a) ☺ b) ☺	M	Manager Disaster Management
			To create resilient and pro-active communities by rolling out the district disaster risk management capacity building programme	Capacity Building Programmes	a) Number of capacity building programmes conducted by deadline b) Percentage of capacity building sessions requested that are held by deadline	Number & Percentage	(a) 18 (b) N/A	a) 12 b)100%	a) 18 b) N/A	a) 14 by end June 2019 b)100% by end June 2019	a) 18 b) Nil	b) No Capacity Building Programmes were requested		a) Need reasons for exceeding target as per AG request	10	a) Y b) N/A	a) ☺ b) N/A	M	Manager Disaster Management
			To ensure that there is effective implementation of disaster risk reduction programmes aimed at prevention and mitigation against identified risks	District Disaster Management Advisory Forums	Number of Quarterly Disaster Management Advisory Forum Meetings held by deadline	Number	4	4	4	4 by end June 2019	4				11	Y	☺	M	Manager Disaster Management
			To ensure that there is effective implementation of disaster risk reduction programme aimed at prevention and mitigation against identified risks and alignment of Disaster Mngt plan to th IDP and SDF	Disaster Risk Reduction	Review of the District Disaster Management Plan by deadline	Date	All received inputs from stakeholders have been consolidated, including the Risk Maps that have been generated by iLembe GIS Unit	End June 2018	All received inputs from stakeholders have been consolidated, including the Risk Maps that have been generated by iLembe GIS Unit.	End June 2019	Reviewed by 30 June 2019	**Achieved, all inputs have been consolidated from stakeholders, and this include the Climate Change impacts and the Risk Maps that have been generated by iLembe GIS Unit.**			12	Y	☺	M	Manager Disaster Management
			To ensure that there is a rollout of the District Disaster Management Volunteer strategy in order to enhance the current disaster management capacity.	Disaster Management Volunteer Strategy	Number of workshops conducted to rollout the Disaster Management Volunteer Strategy/framework by deadline	Number	4	4	4	4	4	The fourth workshop that was utilised to roll out the Volunteer Strategy was conducted on the 30th of May 2019			13	Y	☺	M	Management Disaster Management
	GP04	To improve the quality of life within the district	To mobilise communities against social impacts of HIV/Aids	World Aids Day	Commemorate World Aids Day by deadline	Date	District concept document was developed on 15 November 2017 and World Aids day was held on 1st December 2017	01 December 2017	District concept document was developed on 15 November 2017 and World Aids day was held on 1st December 2017	01 December 2018	**Developed District concept document by 13 Nov 2018 and World Aids day event held on the 1st Dec 2018**				14	Y	☺	M	Manager Special projects

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GOOD GOVERNANCE & PUBLIC PARTICIPATION	GP04/09		To determine prevalence rates & stats	District Aids Council	a) Number of LAC meetings held by deadline b) Number of DAC meetings held by deadline c) Number of reports prepared & submitted to the office of the Premier by deadline	Number	a) New measure b) 3 c) 4	a) New Measure b) 2 c) 4	a) New Measure b) 3 c) 4	a) 11 (was 16 b) 4 b) 4	a) 4 b) 4 c) 4	a) The sitting of LACs is controlled by Locals and it beyond the District	a) The variance will be shared with the LTT Chairpersons correct the situation in the local municipalities		15	a) Y b) Y c) Y	a) ☹ b) ☺ c) ☺	M	Manager Special projects
	GP04/09	To improve the quality of life within the district	To mobilise communities against social impacts of HIV/Aids	HIV/Aids awareness	Number of HIV/Aids awareness campaigns held by deadline	Number	46	18	46	20	35	The target was exceeded because of the Child Protections awareness campaigns that were conducted during the Child Protection month where 20 schools were visited in the District . Other HIV/AIDS Awareness campaigns were as per the planned HIV/AIDS Campaigns			16	Y	☺	M	Manager Special projects
			To conscientise society about the impact of patrirchial policies	Gender plan	a) Annual review & adoption of gender plan by deadline (gender support committee) b) Number of programmes implemented as per the approved gender plan by deadline c) Percentage of gender programmes requested that are held by deadline	Number & Percentage	a) 14 June 2018 b) 16 c) 100%	a) End March 2018 b) 16 c) 100%	a) 14 June 2018 b) 16 c) 100%	a) End June (was March) 2019 b) 16 c) 100%	a) The gender plan has been reviewed but not yet adopted b) 20 c) 100%	a) The gender plan was not yet adopted by the council	a) The plan will be reviewed in the next financial year	a) Provide clarity on comments, why didn't adopted b) Need reason for exceeding target as per AG request	17	a) Y b) Y c) Y	a) ☹ b) ☺ c) ☺	M	Manager Special projects
			Implementation of Operation Sukuma Sakhe	Operation Sukuma Sakhe	a) Number of interventions hosted in all LMS by deadline b) Quarterly reports on outcomes of interventions by deadline	Number	a) 22 b) New Measure	a) 16 b) New Measure	a) 22 b) New Measure	a) 16 b) 4	a) 13 b) 1			a) & b) Please provide reason for variance & corrective measure for target not met	18	a) Y b) Y	a) ☹ b) ☹	M	Manager Special projects
					Number of District Task Teams meetings held by deadline	Number	11	12	11	12	11	The DTT meeting was not held in June 2019 due to strike	The next DTT meeting will be held in the next financial year		19	Y	☹	M	Manager Special projects
	GP05	To preserve our History and heritage	To promote Arts & Culture, Tourism and social cohesion nation building	Heritage celebrations	Number of heritage events held by deadline	Number	6	5	6	5	5				20	Y	☺	M	Manager: Youth, Sports, Arts & Culture
	GP06	Compliance and good Governance	To ensure quality, reliable financial statements and management information	Preparation of an Annual Report	Annual report submitted by deadline	Date	30-Jan-18	End January 2018	30-Jan-18	End January 2019	Annual report has been submitted to Council and approved by 31 January 2019				21	Y- in Q3	☺	H	Senior Manager Community Services
			To facilitate coordination of within the District	Promote Intergovernmental Relations	Number of Mayors District Intergovernmental Forum meetings held within the District by deadline	Number	4	4	4	4 by end June 2019	3	Meeting for Q3 was scheduled for the 15th March 2019 and cancelled on the afternoon of the 14th March 2019 due to another engagement where Provincial leadership was visiting the District on the 15th March 2019.- Meeting for Q4 was disturbed by the election period where Mayors as Politicians were not available hence the reason DIF was held as early as possible (10 July 2019) in the new financial year so as to also introduce the now MEC Champion			22	Y	☹	M	Senior Manager: Community Services
	GP08	To implement and maintain compliant, effective and efficient enterprise risk management systems & processes	To ensure effective Risk management	Risk management	a) Number of updated risk monitoring tool submitted by deadline b) Number of risk management committee meetings attended by deadline	Number	a) 12 b) 5	a) 12 b) 4	a) 12 b) 5	a) 12 by end June 2019 b) 4 by end June 2019	a) 12 b) 5	b) Special meeting was held on 19 June 2019			23	a) Y b) Y	a) ☺ b) ☺	H	Senior Manager Community Services
	GP04/09	To improve the quality of life within the district	To harness the potential of young people to enable them to play a meaningful role in society	Implementation of youth programmes	a) Number of programmes implemented as per the approved youth plan by deadline b) Number of youths benefiting from programmes implemented by deadline c) Percentage of youth programmes requested that are held by deadline	Number & Percentage	a) 7 b) 23 494 c) 100%	a) 7 b) 10 000 c) 100%	a) 7 b) 23 494 c) 100%	a) 7 by end June 2019 b) 10 000 by end June 2019 c) 100% by end June 2019	a) 8 b) 14 984 c) 100%	a) Partnerships with stake-holders in terms of budget assisted in doing additional programmes b) Target exceeded due to good participation of stakeholders			24	a) Y b) Y c) Y	a) ☺ b) ☺ c) ☺	M	Manager: Youth, Sports, Arts & Culture
				Youth development strategy	Develop and adopt Youth development strategy submitted to Exco & Council by deadline	Date	Not done	End June 2018	Not done	Final youth development strategy submitted to Exco & Council by end June 2019	Not done	The instabilities such as protests had caused challenges to this area, programmes were also suspended to accommodate elections and there was not enough budget to comply	This will be adhered to in the next financial year as budgeted		25	N	☹	M	Manager: Youth, Sports, Arts & Culture
				Sports event	Number of sporting events participated/hosted by deadline	Number	8	8	8	9 (was 8) by end June 2019	9				26	Y	☺	M	Manager: Youth, Sports, Arts & Culture
	GP010	To ensure effective Performance Management	Budget and monitoring of performance against predetermined objectives	Clean administration	Performance Report with accurate & complete POEs submitted by deadline monthly and quarterly	Date	10th day of each month	10th day of each month	10 August 2017 08 September 2017 10 October 2017 10 November 2017 08 December 2017 10 January 2018 09 February 2018 09 March 2018 10 April 2018 10 May 2018 08 June 2018 10 July 2018	10th day of each month	08 August 2018 10 September 2018 10 October 2018 09 November 2018 10 December 2018 10 January 2019 08 February 2019 08 March 2019 10 April 2019 10 May 2019 10 June 2019 10 July 2019				27	Y	☺	M	Senior Manager Community Services
			People management	Performance Reviews	Number of performance reviews of Manager's performance conducted quarterly by deadline	Number	4	4	4	4 by end June 2019	4				28	Y	☺	L	Senior Manager Community Services
	GP011	To ensure a sustainable and healthy environment	To provide and effective vector control service to the community	Vector Control	a) Percentage of reported notifiable vector borne cases investigated by deadline b) Number of sites serviced within budget by deadline	Number & Percentage	a) Nil b) 376	a) 100% b) 350	a) Nil b) 376	a) 100% by end June 2019 b) 350 by end June 2019	a) Nil b) 433	a) There were no vector borne of notifiable medical conditions reported in this financial year. b) Increased number of complaints and request for sampling private and schools boreholes			29	a) N/A b) Y	a) N/A b) ☺	M	Manager Health & Safety

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GOOD GOVERNANCE & PUBLIC PARTICIPATION			To monitor quality of potable water in the District (domestic samples)	Water Quality Monitoring and Analysis	a) Number of samples taken and analysed by deadline b) Percentage of unsatisfactory samples reported to relevant authority by deadline	Number & Percentage	a) 242 b) 100%	a) 240 b) 100%	a) 242 b) 100%	a) 240 by end June 2019 b) 100% by end June 2019	a) 245 b) 100%	a) Resampling and incidental diseases outbreak investigations-typhoid resulted in extra samples being taken b) 46 water samples were non compliant with SANS 241 and were referred to the relevant authority			30	a) Y b) Y	a) ☺ b) ☺	M	Manager Health & Safety
			To ensure that statutory requirements controlling occupational health & environmental health services are enforced minising risks in the work place, community & promoting a safe & healthy living environment	Municipal Health Services	a)% of all food handling license applications received and processed within 14 working days b) Percentage building plans scrutinised within 8 working days in terms of health regulations c) Percentage of funeral undertakers applications processed in terms of regulation	Percentage	a) 100% b) 100% c) 100%	a) 100% b) 100% c) 100%	a) 100% b) 100% c) 100%	a) 100% b) 100% c) 100%	a) 100% b) 100% c) 100%				31	a) Y b) Y c) Y	a) ☺ b) ☺ c) ☺	M	Manager Health & Safety
			To monitor food handling premises/processes according to Regulation 364 of the Foodstuffs Cosmetics and Disinfectants Act		a) Number of premises inspected to reduce food borne illness b) Percentage of reported food born illnesses investigated by deadline	Number & Percentage	a) 881 b) 100%	a) 836 b) 100%	a) 881 b) 100%	a) 836 by end June 2019 b) 100% by end June 2019	a) 918 b) 100%	a) Incidental food related investigations such as fake food and listeriousis and food poisoning outbreak resulted in an increase number of inspections and follow ups			32	a) Y b) Y	a) ☺ b) ☺	M	Manager Health & Safety
					% of reported notifiable diseases investigated by deadline	Percentage	100%	100%	100%	100% by end June 2019	100%	There are 8 notifiable diseases reported and investigated			33	Y	☺	M	Manager Health & Safety
			To ensure that statutory requirements controlling occupational health & environmental health services are enforced minising risks in the work place, community & promoting a safe & healthy living environment		Number of health education awareness campaigns held by deadline	Number	103	80	103	60 (was 80) by end June 2019	83	Outbreak of disease's such as Rabies and food poisoning cases necessitated the enrolment of extra health education awareness's			34	Y	☺	M	Manger Health & safety
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	FV05	To maintain a clean audit opinion	Ensure adequate financial and administration management	Compliance with MFMA and clean administration	No repeat findings in the auditor generals management report	Number	0	0	0	0	0				35	Y	☺	H	Senior Manager Community Services

PERFORMANCE SYMBOLS			
TARGET MET	NOT MET	N/A	TOTAL
☺	⊗	N/A	
44	11	2	57

WEIGHTINGS			
HIGH	MEDIUM	LOW	TOTAL
H	M	L	
5	51	1	57

DEPARTMENT : ENTERPRISE ILEMBE
CEO : NKOSINATHI NKOMZWAYO

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LOCAL ECONOMIC DEVELOPMENT	LED01	To improve co-ordination of LED in the District	Co-ordination of LED in the District	LED	Number of LED Forum meetings attended per annum	Number	5	4	5	4	4				1	Y	☺	M
	LED02	To upscale agriculture development in the District	To implement and ensure sustainability of projects	National Schools Nutrition Programme (NSNP)	Percentage of produce procured from local iLembe farms	Percentage	61%	60% by 30 June 2018	61%	70% by 30 June 2019	59%	Target was not met due to lack of infrastructure development, harsh weather conditions, seasonality of some of the commodities which had to be sourced from the market.	Enterprise iLembe has received funding from CoGTA which will be used towards infrastructure development, we have also engaged the Department of Education regarding the planting of substitute commodities to mitigate against seasonality. Department of Agriculture has also been engaged to assist with the supply of inputs and infrastructure		2	Y	☹	H
				Open Fields	Number of new small scale farmers identified and supported by the Entity	Number	36	35	36	20	14	Fourteen [14] new farmers have been introduced for support by the Entity for the 2018/2019 financial year, whereas six [6] farmers will remain as maintained as they still require assistance in terms of agricultural inputs and mechanization	KPI will be reviewed during 2019/2020 budget adjustment to include new and maintained small scale farmers in order to meet the target and also aligned to the KPI		3	Y	☹	H
				New markets for farmers	Report prepared on capacitating farmers and Government departments by deadline	Date	Report done by 30 June 2018	End June 2018	Report done by 30 June 2018	End June 2019	Report prepared in June 2019				4	Y	☺	M
				Agricultural Hydroponic Tunnels	Number of tunnel sites ready for operations	Number	1	1	1	1	1				5	Y	☺	H
				Vineyards	Quarterly reports on maintenance of vineyards	Number	New measure	New measure	New measure	4	4				6	Y	☺	M
				Ownership model for existing projects (winery, tunnels, etc)	Formalisation of co-operatives for handing over by deadline	Date	New measure	New measure	New measure	Report prepared by 30 June 2019	Report prepared in June 2019	Bulwer and Mandeni Tunnel workers have accepted to be formalized into a Co-ops. Bulwer tunnel workers have been formalized into Sphiwamandla Co-op, whereas the Mandeni tunnel workers are still undergoing registration and will receive their certificate in July 2019. Extensive workshops for Vineyard, and Maphumulo & Ndwedwe tunnel sites will still continue in the new financial year			7	Y	☺	M
			To increase visitor numbers to the iLembe District	Tourism Marketing & Development	Facilitate the establishment of functional Community Tourism Organisations (CTOs) by deadline	Number	New measure	New measure	New measure	1 CTO established by end June 2019	1 CTO Established in September 2018				8	Y- Q1	☺	M
	LED03	To capitalize on tourism potential of the District			Feasibility studies conducted for new tourism initiatives by deadline	Date & Number	Progress report prepared by 13 June 2018	End June 2018	Progress report prepared by 13 June 2018	1 Draft feasibility study by end June 2019	Draft feasibility study is not done	Bid process complete. Service Provider appointed. Project timeline changed due to change in scope of works of the project.	Project completion date December 2019		9	Y	☹	M
					Number of exhibitions attended	Number	6	6	6	6	6				10	Y	☺	L
					Number of adverts/advertorials in relevant publications	Number	6	4	6	4	7	Unplanned opportunities presented themselves and budget was available to proceed with advertising the region			11	Y	☺	M
					Number of Official Tourism Travel Guides for 2019/2020 developed by deadline	Date & Number	1 by 31 May 2018	1 by end June 2018	1 by 31 May 2018	1 by end June 2019	1 travel guide developed in April 2019				12	Y	☺	M
					Number of Tourism Industry Research Performance Reports	Number	4	4	4	2	2				13	Y	☺	M
					Number of events supported to increase visitors to District	Number	6	5	6	5	6	Unplanned opportunities presented themselves and budget was available to proceed with advertising the region			14	Y	☺	H
	LED04	To increase manufacturing output within the District	To attract interest in investment in the iLembe District	Provide Market Intelligence (international, national, provincial and local)	Number of Business Confidence Index developed by deadline	Date & Number	2 by 7 March 2018	2 by end March	2 by 7 March 2018	2 by end March 2019	2				15	Y	☺	M
				Investment promotion strategy	Bi-annual reporting on implementation of the investment promotion strategy by deadline	Date & Number	The strategy was adopted on 06 December 2017 and circulated on 04 April 2018	End March 2018	The strategy was adopted on 06 December 2017 and circulated on 04 April 2018	2 by end June 2019	2				16	Y	☺	M

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LOCAL ECONOMIC DEVELOPMENT				Investor Prospectus	Investor Prospectus Reviewed by deadline	Date	Reviewed Prospectus done by 30 June 2018	End June 2018	Reviewed Prospectus done by 30 June 2018	End June 2019	Investor Prospectus Reviewed by 25 June 2019				17	Y	☺	M
				To build partnerships with external stakeholders	Number of Business Networking Sessions attended/Hosted	Number	22	20	22	25 (was 20)	31	Unplanned opportunities presented themselves and was taken up in order to ensure partnerships with external stakeholders			18	Y	☺	L
				To promote Entrepreneurship	Number of Progress Reports submitted on the Entrepreneur Competition	Number	2	2	2	2	2				19	Y	☺	M
	LED05	To ensure job creation	To identify and package new projects in existing sectors	Co-operative Development	Number of new co-operatives registered	Number	39	30	39	30 (was 20)	32			Need reason for exceeding target as per AG request	20	Y	☺	M
					Number of co-operatives trained on basic business management skills	Number	94	80	94	94 (was 20)	64	Sixty four [64] co-operatives were trained. Additional Fourty seven [47] SMME's were trained during 2018/2019 financial year, however they are not measured on the SDBIP. Total co-operatives and SMME's trained adds up to 111.	KPI will be reviewed during 2019/2020 budget adjustment to include SMME's		21	Y	☹	M
					Number of co-ops and SMME's assisted with funding applications	Number	15	10	15	20	47			Need reason for exceeding target as per AG request	22	Y	☺	H
	LED005	To ensure job creation	To identify and package new projects in existing sectors	Capacity Building and Mentorship support for small enterprises	Number of programmes implemented	Number	2	2	2	2	2 programmes were implemented	1 Business Incubator Programme was rolled out and implementing agent has been appointed and there are capacity building trainings that are being done monthly. 2. Enterprise iLembe and Sphela Consulting have signed a Memorandum of Agreement (MOA) to roll out the skills development facilitation programme through the UIF Programme; therefore the annual target has been achieved. Ei has signed a service level agreement (SLA) with Ithunga Development to train Ndwedwe farmers and training commenced in May as			23	Y	☺	L
				To encourage local businesses to take advantage of government programmes (Black Industrialist, Employment Tax incentives, etc)	Number of engagement sessions with local businesses	Number	2	1	2	1 by end June 2019 (was end December 2018)	1				24	Y	☺	M
				To roll out Department of Labour UIF - activation programme	Secure funding from Department of Labour to activate the UIF learner activation programme by deadline	Date	New measure	New measure	New measure	End June 2019	Funding secured by 30 June 2019	Ei has signed a Memorandum of Agreement (MOA) with UIF to roll out the skills development facilitation programme. learners have been recruited and inducted. Protective clothing has been sourced, training service providers have also been appointed. venues have been identified, and medical assessments are ongoing. Detailed documents are attached			25	Y	☺	H
	LED06	To create an ICT platform available to everyone		Broadband Project	Source Funding for ICT projects - Phase 1	Date	DBSA and DTI have been identified as funders, and applications have been submitted	Submit funding applications	DBSA and DTI have been identified as funders and applications have been submitted	Source funding to develop a bankable business case (was Devplop bankable business case) by 30 June 2019	Funding secured by 30 June 2019	R 2.5 million has been secured from Cogta for the rolling of the Public Wi-fi. Service provider has been appointed to roll out the Public Wi-fi Programme for Ndwedwe and Maphumulo, and the project inception phase is complete.			26	Y	☺	H
MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT		To establish an efficient and productive administration	To improve the capacity of staff to deliver services	Employee Training	Percentage of training budget spent	Percentage	112%	100%	112%	100%	100%				27	Y	☺	M
	MT101		To manage the staff component of the Agency	Well resourced management capacity (Organogram)	a) Reviewed organogram by the board by deadline b) Percentage of posts filled on the organogram	Date & Percentage	a) Reviewed organogram by 30 June 2018 b) 92% by 30 June 2018	a) 30 June 2018 b) 90% by 30 June 2018	a) Reviewed organogram by 30 June 2018 b) 92% by 30 June 2018	a) 30 June 2019 b) 90% by 30 June 2019	a) Organogram Reviewed in June 2019 b) 90 90%				28	a) Y b) Y	a) ☺ b) ☺	M
FINANCIAL VIABILITY & MANAGEMENT	FV02	To ensure sound budgeting and compliance principles	Budget & compliance monitoring	Quality, reliable financial statements and management information	Monthly financial information reports (MFMA Section 87(11)) submitted to the District by deadline	Date	7th day of each month	7th working day of each month	07-09-2017 10-10-2017 09-11-2017 07-12-2017 10-01-2018 09-02-2018 06-03-2018 09-04-2018 08-05-2018 08-06-2018 10-07-2018	7th working day of each month	07-08-18 07-09-18 09-10-18 09-11-18 10-12-18 16-01-19 11-02-19 08-03-19 09-04-19 07-05-19 10-06-19 09-07-19				29	Y	☺	H
		To ensure sound expenditure management	Cashflow Management	Cost Coverage	Cost Coverage ratio (All available cash + investments/monthly fixed operating expenditure)	Ratio	1.45 1.0	1.0 : 1.0	1.45 1.0	1.0 : 1.0	3.75:1				30	Y	☺	H

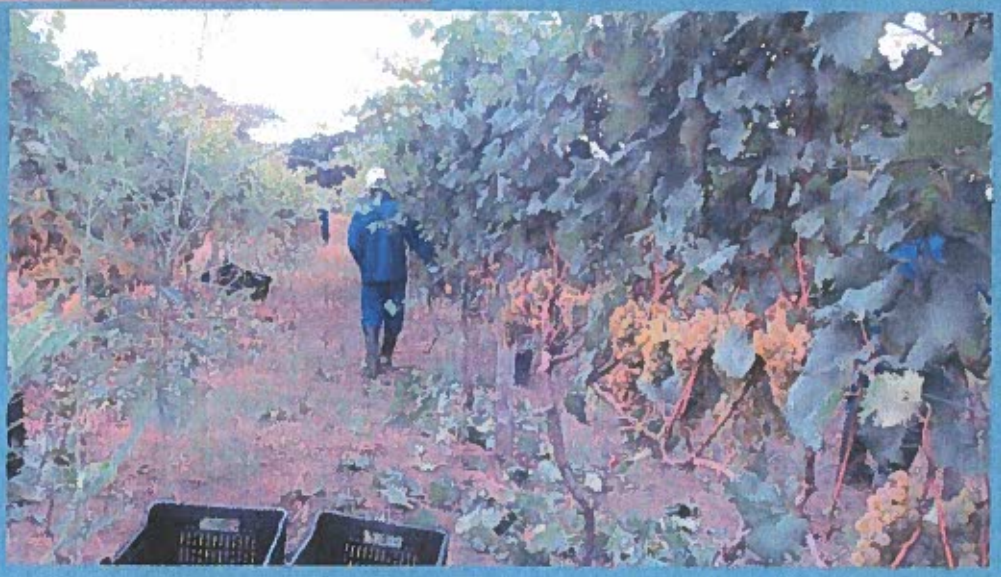
NATIONAL KPA'S	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2017-2018	ANNUAL ACTUAL 2017-2018	ANNUAL TARGET 2018-2019	ANNUAL ACTUAL 2018-2019	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	EVIDENCE REF. NUMBER	EVIDENCE	PERFORMANCE SYMBOL	WEIGHTINGS
MUNICIPAL FINANCIAL VIABILI	FV03			Management of cashflow	Cashflow Management (Ability of EI to meet its financial obligations)	Number	44 days	30 days	44 days	30 days	112 days				31	Y	☺	H
			Expenditure Management	Operational expenditure monitoring	Percentage of operational expenditure (Actual operating expenditure/ Budgeted operating expenditure x 100)	Percentage	94%	100%	94%	100%	87%	Due to additional funding received during the adjustment budget, the additional budget could not be spent by the end of the financial year			32	Y	☹	H
	FV04	To procure quality goods and services in a cost effective,transparent, competitive, equitable and efficient manner within the policy framework	Contract Management	Management of service providers/ Contract Management	Number of Signed Quarterly reports on performance of service providers by management	Number	4	4	4	4	4				33	Y	☺	H
	FV05	To maintain a clean audit opinion	To ensure adequate financial and administrative management	Maintain Clean Audit	a) Clean audit opinion by the AG for 2017/2018 b) No repeat findings (except in cases where it is beyond EI control) c) Monitoring progress on 2017/2018 audit action plan	AG report, Number & Percentage	a) Submitted AFS on 31 August 2017 and Clean audit opinion was achieved b) 0 c) 100%	a) Clean audit opinion by the AG for 2016/2017 b) 0 c) 100%	a) Submitted AFS on 31 August 2017 and Clean audit opinion was achieved. b) 0 c) 100%	a) Clean audit opinion by the AG for 2017/2018 b) 0 c) 100%	a) Clean audit opinion by the AG for 2017/2018 b) 0 c) 97.5%	c) Awaiting PTO from Maphumulo			34	a) Y - Q2 b) Y - Q2 c) Y	a) ☺ c) ☺ c) ☺	H
GOOD GOVERNANCE & PUBLIC PARTICIPATION	GP010	To ensure effective Performance Management	Budget & monitoring against predetermined objectives	Clean Administration	Performance Report with accurate & complete POEs submitted by deadline - monthly and quarterly	Date	10th day of each month	10th day of each month	10-08-2017 07-09-2017 10-10-2017 09-11-2017 07-12-2017 10-01-2018 09-02-2018 09-03-2018 10-04-2018 10-05-2018 08-06-2018 10-07-2018	10th day of each month	08-08-18 10-09-18 10-10-18 12-11-18 10-12-18 10-01-19 08-02-19 08-03-19 10-04-19 10-05-19 10-06-19 10-07-19				35	Y	☺	H
				Coaching session	Number of coaching sessions of employees' performance conducted timeously	Number	4	4	4	4	4	4			36	Y	☺	M
	GP06	Compliance and good Governance	To ensure good governance and provide Mandate aligned strategic direction	Multi year strategic plan	Review and approve strategic plan for EI with clear measurable targets by the board by deadline	Date	Strategic plan approved on 18 June 2018	End of June 2018	Strategic plan approved on 18 June 2018	End of June 2019	Strategic Plan Reviewed in February 2019				37	Y	☺	H
				Good Governance	Number of board meetings & board sub-committee meetings held to ensure effectiveness of Board of Directors by deadline	Number	11	12	11	12	14			Need reason for exceeding target as per AG request	38	Y	☺	H
			To ensure effectiveness and guidance of the committee in all areas of the entity	Audit Committee	Number of Audit Committee reports submitted to the Board and the District by deadline	Number	2	2	2	2	2				39	Y	☺	H

PERFORMANCE SYMBOLS			
TARGET MET	NOT MET	N/A	TOTAL
☺	☹	N/A	
37	5	0	42

Target met has changed from 39 to 37
Target not met has changed from 3 to 5

WEIGHTINGS			
HIGH	MEDIUM	LOW	TOTAL
H	M	L	
19	20	3	42





DRAFT ANNUAL REPORT 2018/2019

Enterprise iLembe Economic Development Agency

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enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY

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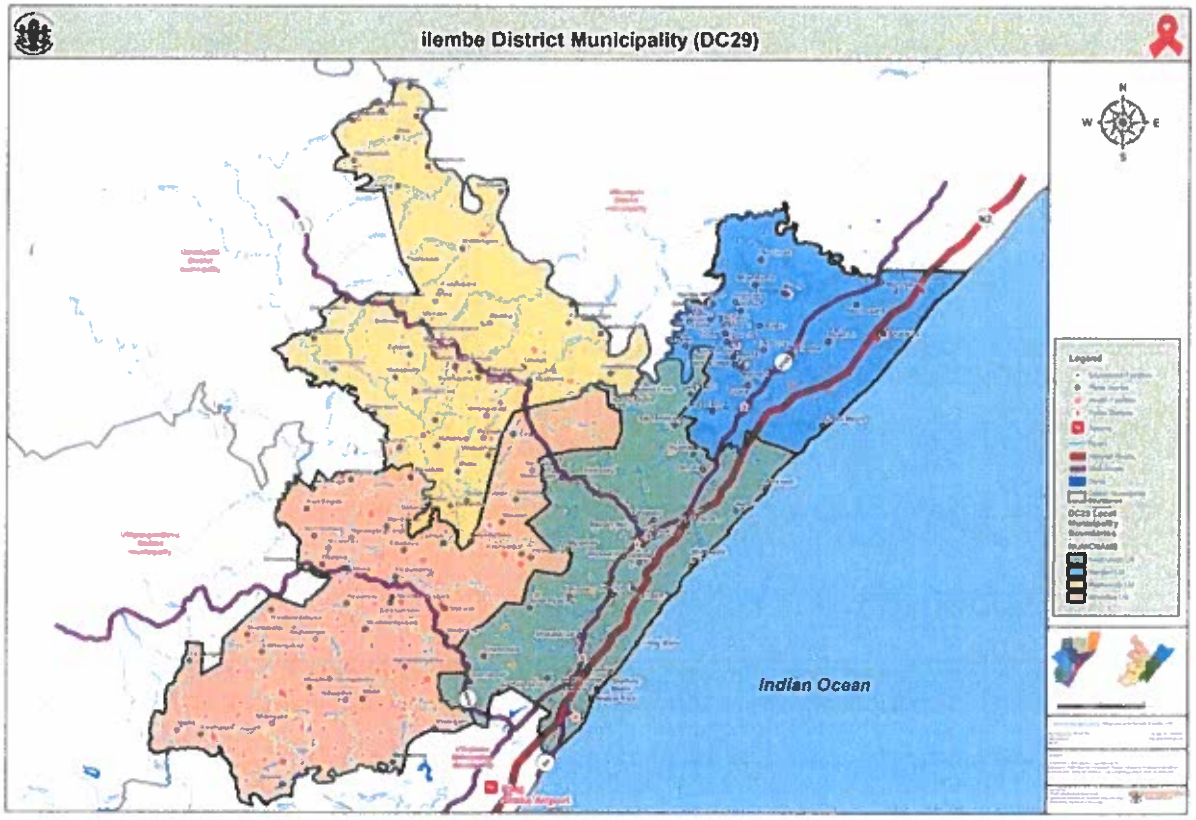
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CHAPTER 1- INTRODUCTION & OVERVIEW

1.1 Overview of iLembe District Municipality

The iLembe District Municipality is situated on the East Coast of South Africa in the Province of KwaZulu Natal. iLembe District is bordered by eThekweni Metro in the South and linked to King Cetshwayo District in the north by the coastal highway, which is a key corridor in the region and is bordered in the west by Umgungundlovu and Umzinyathi Districts.

It is located between Africa's busiest ports of Richards Bay and Durban and is in close proximity to the King Shaka International Airport and the Dube Trade Port. It is the smallest District Municipality in the province with a total population of approximately 657000. The municipality covers 3260 square kilometers and is divided into four local municipalities: KwaDukuza, Mandeni, Maphumulo & Ndwedwe.



The economic sectors that constitute the pillars of iLembe's economy are the following:

- **Agriculture -** This sector is characterised by two main distinct types:
 - Commercial agriculture, such as sugar cane farming along the coastal strip
 - Subsistence agriculture in the rural hinterland and inland areas

- **Manufacturing -** This sector is mainly characterised by the following types of industries:

- Primary sector comprises of heavy industries, such as sugar and paper mill production in the Isithebe Industrial Estate in Mandeni
- Secondary sector activities include light industries that are prevalent throughout the district and with a focus on the rural areas of the district as well as along the coastal belt.

- **Tourism** - iLembe is one of the prime domestic tourism attractions in South Africa due to its favourable climate and its excellent beaches. This sector has consistently grown in iLembe and offers a variety of tourism facilities that can be categorised as follows:
 - Cultural and heritage tourism
 - Beach tourism
 - Nature-based and adventure tourism

- **Commerce and Services** - This sector includes the following sub sectors and is found in all the main urban centres throughout the district with specific reference to the towns of KwaDukuza and Ballito:
 - Wholesale / retail trade transport / storage communication financial / insurance
 - Real estate business / community / social / personal services / government services

1.2 Foreword by the Chairperson

As an economic development agency mandated to drive economic development and promote trade & investment, Enterprise iLembe has to live up to the expectations of the citizenry of the iLembe District, this necessitates that, as our way of life, we support open public discussions, we are responsive to the development needs of the District, we are conscious about the development impact on the environment and that we are trusted by our funding and social partners.

The agency is confident though, that the triple challenges of unemployment, poverty and inequality which faces the district and the country as a whole can be overcome through collective collaboration and planning. Key partnerships between all government sector departments at all spheres as well as with private sector and the communities we work in, is critical for economic growth and sustainability.

As the Board of Enterprise iLembe, we are mindful that as a government entity, we need to work together with the private and business sector in taking the district of iLembe to the next level of economic growth; where the ease of doing business will attract new investments, where the regulatory environment allows for small businesses to thrive and where our entrepreneurs can succeed.

It is to this end that during the past year, Enterprise iLembe has entered into favorable engagements and discussions with key partners to promote and package investment opportunities in all sectors and will continue with this drive. We continue to strive to build and strengthen relationships with all stakeholders as we believe that together we can build a sustainable economy in our district, ensuring a better live for all our people.

However, in reviewing the performance of the Entity through the Service Delivery Budget Implementation plan, as a Board we are pleased with the overall performance whilst conceding that there is still a lot more that needs to be done in order that we address the triple challenge of poverty, inequality and unemployment.

The appointed board members collectively bring much required expertise and values to Enterprise iLembe coming from backgrounds such as law, marketing, HR, Investment Promotions and Tourism.

Board and Sub Committee meetings are held at least once a quarter and the attendance thereof is recorded as follows;

Name	Board	LED Investment	HR Finance
Khanyisani Shandu	6	4	N/A
Cobus Oelofse	5	4	5
Thandi Nzama	4	2	N/A
Dumisile Nene	3	N/A	2
Noluthando Mngadi	3	N/A	4
Zakhele Gumede	5	4	2
Patrick Mngadi	4	N/A	6

Appreciation

Let me take this opportunity to express my sincere gratitude to the board members for the professional manner in which they discharge their fiduciary and other duties to the organisation, through their collective and individual experience and expertise.

I would like to also share my deepest appreciation to the management of Enterprise iLembe led by the CEO Mr. Nkosinathi Nkomzwayo and the entire staff, for the manner in which they have dedicated themselves to work for our people and to serve them in a manner that says the principle of "Batho Pele" is deeply entrenched in the organisation.

Lastly on behalf of the Board of Directors of Enterprise iLembe we would like to thank our shareholder, iLembe District Municipality for their support, leadership and guidance.

We are looking forward to 2019/2020 as we strive even harder to ensure that our vision to make the iLembe District a destination of choice for investment, business and tourism become a reality.



Khanyisani Shandu
Chairperson

1.3 Foreword by the Chief Executive Officer

The economic climate has changed and becoming more challenging over the past ten to fifteen years. Local businesses are considered to be an important long-term and key driver of economic growth, innovation and reduction in unemployment. They offer significant job creation potential and support large numbers of livelihoods. The significant participation and meaningful inclusion of small, medium and micro enterprises into the mainstream economy in our province through their own enterprises will be one of the key game changers.

The 2018/2019 financial year reflected great accomplishments of what the entity wanted to achieve at the start of the financial year focusing on planning and implementation and also making great strides with engaging with various stakeholders and forming key partnerships.

Enterprise iLembe held strategic board and management sessions in order to plan and prepare for the five-year institutional assessment and capacitate the organisation to position itself effectively as a sustainable economic development agency in iLembe.
The Entity continues to focus on the following three strategic pillars as DNA of the organization:

Financial sustainability of Ei
Business Development
Stakeholder Engagement

The strategic repositioning and focus on the three pillars has resulted in ensuring that the Entity addresses some of its weaknesses and threats, thus positioning itself to deliver efficient service to its clients.

The Entity continues to redress imbalances in the economic growth of iLembe District influencing positive local economic development to prevail in all sectors of the Entity.
The Entity has engaged with major stakeholders in the provincial and national level, formulating relationships to foster economic development projects and flourishing in media engagements to promote the iLembe District tourism products and investment opportunities as per the vision of Enterprise iLembe.
One of the key successes was that the entity ended the 2018/2019 financial year at a revenue of circa 49% more than original budget. This is as a result of concerted effort to grow our revenue base and reduce overreliance on parent municipality.

The 2018/2019 financial year has not been without challenges though and the following were faced by the Entity that are to be addressed in the new financial year and going forward:
Packaging of projects for funding and raising finances for sustainability through project initiatives

- Funding model for catalytic projects
- Stakeholder Management
- SMME Capacity Development
- Brand positioning/ Management
- Ownership and operations management of agricultural projects

Local Economic Development

One of the paramount initiatives that the Entity has focused on is to capacitate local farmers to be academically inclined in farming and increase the percentage of procuring vegetables for the National Schools Nutrition programme (NSNP) from local farmers. The Entity further continues to extend technical and financial support to the farmers that are in the open fields project and any other farmers within the district that need technical expertise and training.
There are however a number of challenges that are faced by the farmers on the ground which hinders their growth. The following are the typical challenges facing all farmers in the District:

- Limited budget
- Lack of infrastructural development
- Lack of substitute products
- Lack of service providers who supply fertilizers and chemicals in iLembe

In recognition of youth development and in unison to invest on potential leaders of tomorrow, the Entity and the Department of Labour successfully launched the Unemployment Insurance Fund (UIF) learnership programme in the fourth quarter.

Furthermore, the Entity pursued and unlocked economic opportunities with the Department of Cooperative Governance and Traditional Affairs on the Biomass Project. This project will convert and add value to any biomass and turn it into useful products such as charcoal, oil and gas. The implementation of the project will assist in reducing unemployment levels within the district and create opportunities for entrepreneurs to grow their business.

The Agency hosted its first Black Industrialist with the objective to initiate a measurable and targeted entrepreneurship development programme and to open a structured dialogue between targeted entrepreneurs and industries. It was a platform where local industries shared information on the opportunities available for black industrialists.

Enterprise iLembe continues to assist co-operatives and SMME's to acquire Business Management Skills through training sessions, learnerships and also secure funding from various private and government institutions. The Social Facilitation unit has registered a total of thirty-two [32] Co-operatives in the 2018/19 financial year and ensuring that there's reputable working relationships and vast knowledge and understanding of business operations through training sessions offered.

The Entity is a playing vital role in mentoring, supporting and nurturing entrepreneurs through SMME workshops and via the business incubator ensuring long term sustainability of small businesses. The iLembe Business Incubator is situated in KwaDukuza and supports more than fifty-eight entrepreneurs in various sectors from all four local municipalities.

Tourism, Investment & Stakeholder Management

Tourism continues to be a major contributor to the GDP of the region contributing just over R3.4 billion to the economy and creating/sustaining over 11 000 jobs. Enterprise iLembe participates at relevant national and international trade and consumer shows such as WTM London, ITB Berlin, Africa Travel Indaba and the Gauteng Getaway Show. The Entity produces marketing material and supports events that have the potential to attract more tourists to the destination.

The Entity continues to maintain key strategic partnerships with stakeholders such as Tourism KZN and Durban Tourism in order to partner, align and leverage of tourism programmes and projects, the hosting of the KZN Travel Academy and SMME workshops are some of the partnership initiatives. Enterprise iLembe also forms part of the Route Development Committee; Durban Direct which is responsible for the attraction of new airlines into King Shaka International Airport.

Enterprise iLembe in partnership with KwaDukuza Municipality commissioned the Nokukhanya Luthuli Street Feasibility Study. The Tourism Strategy identified KwaShushu Hotsprings / Ntunjambili as a catalytic project for Maphumulo and the district, budget will be set aside for the feasibility study of this project in the 2019/2020 financial year.

There is an ongoing partnership with Trade and Investment KZN to market and promote iLembe district as an investment destination of choice. In order to deliver on this mandate, it is imperative that Enterprise iLembe firstly creates awareness of the Entity and its mandate as well as promote the region on both a national and international level to various stakeholders which include both trade and investors. The Entity has embarked on trade missions in addition to direct engagements with investors which has yielded positive results with new investments coming into the district.

The Entity acknowledges that the results of marketing is usually long term. Building such trade relationships is a cycle that takes 3-5 years, and is not necessarily obvious and immediate. It is thus critically important to both create and maintain these relationships with key stakeholders and potential investors. Personal contact is vital in a person-centred industry such as tourism and investment.

On the aspect of formalizing cooperation and support to the economic well-being of iLembe District, Enterprise iLembe entered into a Memorandum of Understanding with the iLembe Chamber of Commerce, Industry and Tourism. This was formalised at a joint media briefing which was held on the last quarter of 2018/2019.

The Entity has developed a magazine titled iThemba that is published to communicate the programmes and projects that Enterprise iLembe, the district and the local municipalities are involved in. In addition, the Entity ensures communication through social media, print and radio stakeholder engagements.

Conclusion

We appreciate the support and guidance from our shareholder; iLembe District Municipality, the family of local municipalities as well as from our stakeholders and partners.

The Board of Directors have continued to provide strategic direction and leadership and we are grateful for their commitment towards the Entity achieving its mandate. The management and staff continue to work hard at supporting the vision of the Entity and we are thankful for their dedication and tireless efforts.



Nathi Nkomzwayo
Chief Executive Officer

1.4 Executive Summary

The key economic drivers in the district are still consistent in the sectors of agriculture, tourism, manufacturing and services and as a district we strive to continuously bridge the huge divide between the first and second economies through the identification, facilitation and implementation of key projects.

Enterprise iLembe has progressed well in building capacity appropriate for a well-resourced Entity to carry out the mandate, but we still remain under pressure to do more.

The 2018/19 financial year has not been without challenges and the following were faced by the Entity that are to be addressed in the new financial year and going forward:

- Packaging of projects for funding and raising finances for sustainability through project initiatives
- Funding model for catalytic projects
- Stakeholder Management
- SMME Capacity Development
- Brand positioning/ Management
- Ownership and operations management of agricultural projects

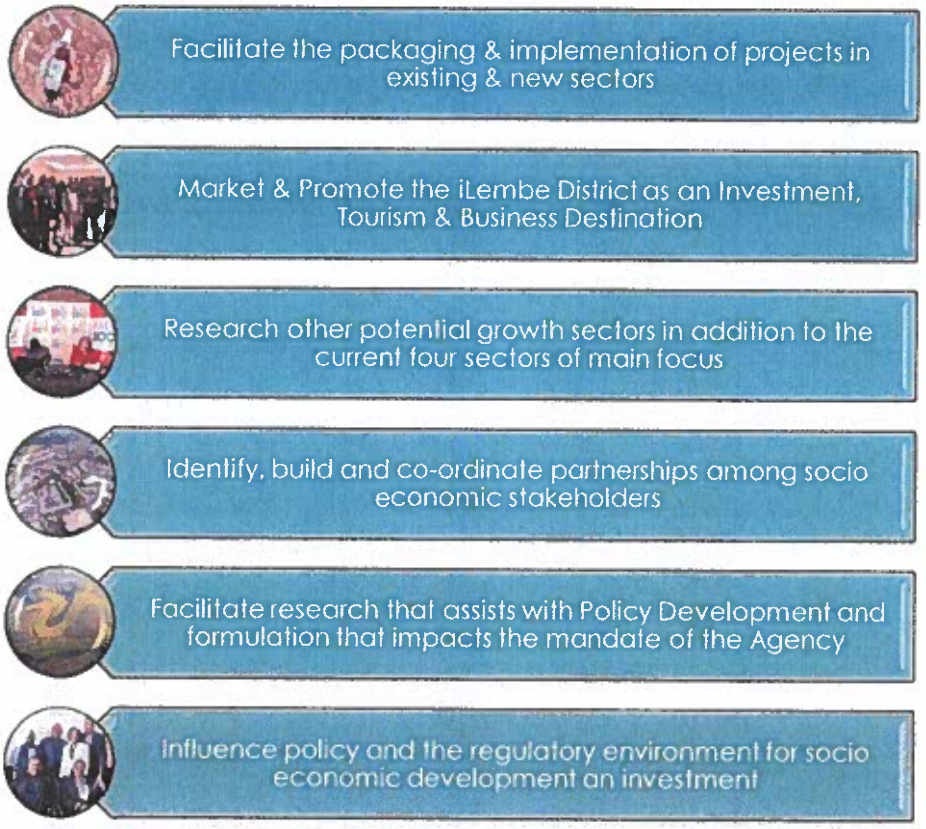
1.5 Strategic Objectives & Functions

1.5.1 Agency Mandate

- Develop, review and strengthen the local economic development strategy on behalf of the district and family of municipalities;
- Champion a wide range of activities which emerge as important from the family of IDPs and LED Strategies;
- Co-ordinate LED activities to ensure alignment and integration;
- District marketing and promotion of tourism and investment promotion;

- ◊ Facilitate the identification, packaging and implementation of catalytic projects in the four key sectors and new sectors;
- ◊ Provide professional and multi-skilled support and networking services to major investors who wish to invest in the region;
- ◊ Work with local government to facilitate a business enabling environment;
- ◊ Implement business, retention and expansion (BR&E) programmes in partnership with local business;
- ◊ Build twinning relationships with developed regions nationally and internationally;
- ◊ Social Risk Management.

1.5.2 Key Strategic Goals & Objectives



STRATEGIC GOAL 1:

Facilitate the packaging & implementation of projects in existing and new sectors

Objectives

- Implement and ensure sustainability of existing projects
- Identify and package new projects in existing sectors
- Tap into available programs to create more black industrialists

STRATEGIC GOAL 2:

Market and Promote the iLembe District as an Investment, Tourism & Business Destination

Objectives:

- To attract interest for new investment to iLembe District
- To increase visitor numbers to iLembe District
- To support new tourism product development and the geographical spread of tourism

STRATEGIC GOAL 3:

Research other potential growth sectors in addition to the current four sectors of main focus

Objectives:

- To identify and package projects in new sectors
- Tap into available programs to create more black industrialists

STRATEGIC GOAL 4:

Identify, build and co-ordinate partnerships among socio economic stakeholders

Objectives:

- Facilitate Business Retention and Expansion
- Support Entrepreneurship Development

STRATEGIC GOAL 5:

Facilitate research that assists with Policy Development and formulation that impacts the mandate of the Agency

Objectives:

- Identify policies and Acts that effect the Agency
- Research Team
- Research that will influence the decision making process

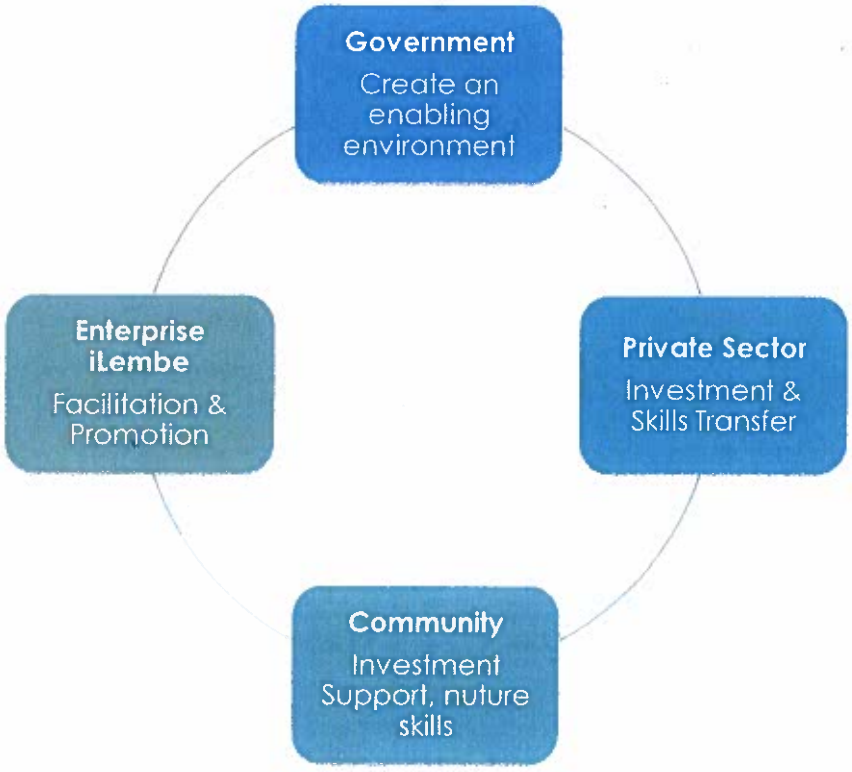
STRATEGIC GOAL 6:

Influence policy and the regulatory environment for socio economic development an investment

Objectives:

- Identify existing structures and leverage of those
- If none, create structures
- Use structures to engage government
- Include issues of infrastructure and spatial planning
- Influence infrastructural and spatial planning

1.5.3 Roles & Responsibilities



It is the role of Enterprise iLembe to facilitate and promote socio economic development in the region. The role of Enterprise iLembe can be further defined as follows;

- Nurture new ideas which have commercial potential AND have high impact potential in regards to poverty alleviation, jobs and empowerment.
- Build partnerships between public sector, support institutions, private sector and the community.
- Build partnerships within each locality and support one another in service delivery.
- Collectively bridge the gap between 1st & 2nd economies through catalytic & high-impact projects.

1.6 Audit Committee Report

1. Objective

The purpose of this report is to present the Audit Committee's progress in carrying out its oversight responsibilities, including oversight for the statutory audit process for the financial year ended 30 June 2019.

2. Terms of reference

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the

Accounting Officer and Council on matters relating to: Internal financial control and internal audits; risk management; adequacy, reliability and accuracy of financial reporting and information; accounting policies; performance management and evaluation; effective governance; Compliance with the MFMA and any other applicable legislation and / or policies and any other issues referred to it by the Entity.

The Audit Committee is also required to fulfill the functions of a Performance Management Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The MFMA also requires the Audit Committee to review the annual financial statements, respond to Board on matters raised by the Auditor General and carry out investigations into the financial affairs of the Entity.

3. Audit Committee composition and attendance

The Audit Committee comprises four independent members. The members have diverse skills and experience. The term for audit committee members commenced in May 2018.

An independent member chairs the Committee. Both the Internal and External Auditors have unrestricted access to the Audit Committee.

The table below sets forth the membership and attendance at meetings of the committee for the period ended 30 June 2019:

Names	Role	Meetings Attended	26 Sept 2018	19 Nov 2018	25 Feb 2019	3 May 2019	16 Aug 2019
Mr S L Ndlovu	Member	5	✔	✔	✔	✔	✔
Ms C Gertze	Member	5	✔	✔	✔	✔	✔
Ms B Zulu	Member	3	⊘	✔	⊘	✔	✔
Mr S Hlophe	Chairperson	5	✔	✔	✔	✔	✔

The following are standing invitees to the Audit Committee Meetings:
Representative from Auditor-General (AG)
Representatives from Provincial Treasury and COGTA
Internal Audit
The Chief Executive Officer (CEO)
The Chief Financial Officer (CFO)
The Chief Operations Officer (COO)
The Risk Management Committee Chairperson

4. Audit Committee's Responsibility

The Audit Committee operates under written terms of reference, the audit committee charter which is approved by the Board annually. These terms of reference are in line with the requirements of section 166 of the MFMA and Treasury Regulation 27.1.

In this report, under relevant headings, we have summarized the activities and progress we have undertaken in executing of our mandate:

4.1 Internal Audit and Internal Control

In line with the requirements of the MFMA the Internal Audit provides the Audit Committee and Management with assurance as to whether the internal controls are appropriate and effective. This is achieved by means of the risk based internal audit plan which is approved by the Audit Committee annually.

The internal audit function of the Entity is currently outsourced to Nexia SAB&T.

The Audit Committee had approved the Internal Audit Plan for 2018/19 financial year, which had to be revised and adopted by the current internal auditors as it was previously prepared by the previous internal audit. Internal Audit reports were presented to the Audit Committee during this period.

4.2 Risk Management

The Audit Committee is responsible for oversight of the internal and external auditors as well as financial reporting. Because the assessment of internal controls over financial reporting is risk-based, the Audit Committee is responsible for overseeing management's risk policies and discussing the key risk exposures with management.

The Entity conducted a risk assessment workshop during the start of the financial year and the top key risks were identified, measured and prioritised and the updated risk register was adopted on 1 July 2018. The implementation of MSCOA is still taken as a priority and high risk as there are constant upgrades through the financial system which the Entity must continually implement and comply with, as per the new reporting standards introduced by Treasury, which was implemented by the entity on 1 July 2017 as legislated.

Risk Management Reports are presented to the Audit Committee during its meetings. Based on our review and observations we are comfortable that the Enterprise adequately manages all critical risks faced by the organization.

4.3 ICT Governance and ICT Operations

ICT is the integral part of the organization. There have been improvements within the ICT function with the Entity resolving to have this function in-house and the appointment of an ICT Officer who is currently assessing the infrastructure and other ICT related resources that the Entity will need going forward. Audit Committee resolved that the issues of ICT Governance be a standing item in the Agenda.

4.4 Evaluation of Financial Reports and Annual Financial Statements

For the reporting period under review, the Audit Committee was able to evaluate the following:

Annual Performance Report and Annual Financial Statements were presented to the Audit Committee on the meeting held on the 16th August 2019. The Audit Committee reviewed the AFS through scrutiny and engagement with management as the AFS were yet to be reviewed by Internal Audit. The Audit Committee requested that internal audit circulate the audited AFS to the committee on 21 August 2019 so that the committee may satisfy themselves that the AFS presented are credible and present the true reflection of the financial affairs of the enterprise and provide further input if any. With regards to APR this was reviewed through scrutiny and engagement with management. We are satisfied of the progress made at an organizational level, with management notifying the committee that some of the evidence will be submitted before final submission, which will decrease the number of targets not met, currently sitting at 81% of targets met.

With regards to AG Action Plan, the management confirmed that the issues raised by AG are being attended to, with the percentage of progress sitting at 92%. We evaluated this through an Action Plan progress report submitted to Audit Committee. We are satisfied that these matters are addressed adequately. The two outstanding issues are currently beyond management control, one being the response from SARS on the reversal of interest and penalties and the receipt of the permission to occupy (PTO) certificate from the tribal council in Maphumulo for the use of the vineyards site.

We are comfortable that MSCOA compliance has progressed adequately and through engagement with the District Municipality we are satisfied with the support provided to the Enterprise. During the review of AFS we noted that the AFS were in accordance with MSCOA and that the Enterprise is able to transact and process entries using the MSCOA system. The Entity currently has a signed agreement (SLA) with Munsoft – the financial system service provider which is assisting in queries being promptly attended to.

4.5 Performance information

The Audit Committee also serves as the Performance Audit Committee for the Enterprise. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001.

As indicated above the Audit Committee reviewed the Annual Performance Report for the year ended 30 June 2019. The Entity is currently setting at 81% of targets met in its performance target measured at an organizational level. The Audit Committee recommends a review of performance targets so to be realistic and in line with smart principles.

5. Recommendations

The Board and management at all levels should continue with commitment to optimally use scarce resources, cash-flow and sustainability plans and regular monitoring and evaluation to ensure that the Enterprise iLembe continues as a going concern.

The Board and management need to continuously monitor and review internal controls. The Chief Executive Officer must ensure that there are consequences for non-adherence with internal controls.

The Chief Executive Officer and management should ensure that credible, reliable and accurate financial and performance information is submitted quarterly for review by the Board and the Audit Committee.

The Chief Executive Officer should ensure that recommendations of internal and external audits are implemented as per the action plans and report progress on a quarterly basis. This should assist to prevent irregular, fruitless and wasteful expenditure as well as non-compliance with laws and regulations.

The Chief Executive Officer and the Board should explore possible alternative funding for Local Economic Development projects. The committee also commended the various initiatives that the CEO and management undertook in the 2018/2019 financial and the funding raised for different projects.

6. Conclusion

The implementation and maintenance of proper systems of internal controls, risk management, the prevention of fraud and errors, safeguarding of the assets of the enterprise and compliance with relevant laws and regulations, are the responsibility of the Board. The role of the audit committee is to monitor the efficiency of the procedures and mechanism which the Board has put in place in order to ensure that its policies and procedures are adhered to.

The Audit Committee remains committed in assisting and supporting the Board in the execution of its mandate and towards managing the financial affairs in accordance with the law.

On behalf of the Audit Committee



Silas Hlophe

Chairperson of the Audit Committee

CHAPTER 2 – SERVICE DELIVERY & PERFORMANCE HIGHLIGHTS

2.1 Key Successes & Challenges

- The entity ended the 2018/2019 financial year at a revenue of circa 49% more than the original budget. This is as a result of a concerted effort by the entity to grow its revenue base
- The Entity has continued to forge new and strengthen existing partnerships with various stakeholders

2.2 Projects Undertaken

2.2.1 Multi-Year Funded Projects

PROJECT NAME	PROJECT DESCRIPTION & STATUS QUO
iLembe Vineyards and Winery Project	**Project Budget 18/19: R 1 063 036.00** The iLembe vineyards and winery project is a two-phased project which involves the establishment of a primary Villard Blanc crop for further processing in a winery established as a first of its kind in the District. A total of 12 hectares of vines have been planted across Mandeni, Maphumulo and Ndwedwe. The winery is located at the Collisheen Estate in the Sugar Rush park which is being developed into a tourism precinct. The Winery currently processes and bottles a white cultivar wine from grapes grown by the communities within iLembe District. 1787 wine has been expanded by sourcing different cultivars from Kloof Wine Estates in Cape Town, which consists of 1000 bottles of wine for each of these cultivars which are Sauvignon Blanc, Chenin Blanc, Rose, Merlot, Cabernet Sauvignon. Harvesting and bottling of wine happens on on annual basis during the month of February, followed by processing and then bottling at the winery (Compensation). The iLembe winery license renewal has been submitted and is now awaiting a response from KZN Liquor Authority. Pre-pruning has commenced in the Mandeni and Maphumulo site; Ndwedwe was re-planted in November 2016 with a red wine cultivar, which should be ready for harvesting in February 2020. The wine is marketed and sold at various events and activations
iLembe Open Farms	**Project Budget 18/19: R 1 200 000** **SASA Funding 18/19: R 220 000** The project entails establishing and supporting community-based co-operatives to operationalize sustainable agricultural farms to produce cash crops for both the community's needs and for sale to the Department of Education's National School's Nutrition Programme. This programme has opened up sustainable and reliable markets for the local small-scale farmers. The Department is in need of 64

	tons of vegetables such as cabbages; butternut; carrot, onions, tomatoes and green beans weekly for supply to the National Schools Nutrition programme. Enterprise iLembe supported a total of 20 farms. This supports entails the provision of mechanization, supply of chemicals, fertilizers, seeds, seedlings, technical advice and mentorship to the farmers in the four local municipalities. Though Enterprise iLembe endeavors to establish projects that are not only sustainable but also ensures that there is sufficient skill transfer to enable the farmers to become self-sufficient entrepreneurs. Climatic challenges and financial resources is forcing the Entity to review this programme and find a much sustainable and practical approach of supporting farmers without creating financial dependency and burden on the organization. The planting plan is one such tool that will ensure that the project is self-sufficient. Through LDS Charities there are three (3) new projects that have been identified that will be assisted with infrastructure development in the new financial year 2019/20; this will include fencing, borehole drilling, insulated storage containers and irrigation. South African Sugar Association (SASA) has provided funding to assist four (4) projects with irrigation and fencing; and the appointed service providers has completed the installation of the fencing and irrigation for all four (4) projects. Through the Agri-Parks Programme which is funded by Department of Rural Development and Land Reform (DRDLR); four (4) projects were assisted with the provision of 170 000 seedlings (tomatoes, cabbages & onions) which were procured and delivered by DRDLR.
Agricultural Hydroponic Tunnels	**Project Budget 18/19: R1400 000** The agricultural hydroponic tunnels project became a stimulus for agro processing within the District. With the collective establishment of 8 hydroponic tunnels within all four local municipalities (four sites) the tunnels tapped into a niche market by growing high value crops for sale in retail stores. Mandeni tunnels are under production and the current service provider Farley Farms is producing cucumbers with a specific market of Checkers and RSA agent based in the Durban Fresh Produce Market in Clairwood. Maphumulo Tunnels have both been repaired, tested and handed over. The site currently does not have a water source for irrigation and fertigation, hence water tankers from IDM were requested for irrigation testing. Bulwer Tunnels have been repaired and are now fully functional; and the tunnel is under production as it has been planted with tomatoes which are fruiting; Enterprise iLembe is in the process of finalizing an agreement with a potential technical partner. Ndwedwe Tunnel has been repaired and engagements with the potential partners has commenced. The agency received a resolution from Maphumulo LM Council to project manage Emambedweni Tunnels; as a result, Crocetta has been appointed to repair Emambedwini tunnels and will commence work in the new financial year 2019/20.

National Schools Nutrition Programme Processing Facilities	**Project Budget 18/19: R 11 631 102** In the past three (3) years, the processing facilities have offered a logistical solution to the National School's Nutrition Programme (NSNP), by providing a facility where vegetables sourced from the local farms can be cleaned, packaged, stored and dispatched to the 409 schools within the District. Four (4) Hubs are now fully functional which are Mandeni and Maphumulo. A new panel of fifty-seven (57) local transporters have been appointed through SCM processes which are utilized to transport vegetables to schools as part of the NSNP. Enterprise iLembe has further appointed a service provider to build two cold storages in Maphumulo and Mandeni. Enterprise iLembe had engagements with the Acting Director-Department of Education (DoE) to site challenges experienced in the implementation of this programme which included the possibilities of changing the menu, re-calculation of tonnages, substitution of commodities which are out of season, revised calendar to be in-line with kilometres; and the increased in the costs of running the programme resulting in the need to review the rate/fee at which the programme is being operated. There is not enough produce from local farms to feed into the NSNP as we are still sitting on an annual average of 70% of local procurement, as farmers are apprehensive to plant for the National School's Nutrition Programme; and farmers require technical and financial assistance to produce quality vegetables.
District Wide Business Incubator	**Project Budget 18/19: R 3 980 000** Through the completion of the business incubator feasibility study in October 2018. Goshen Entrepreneurship Hub was the appointed as an implementing agent to roll-out the Business Incubator Programme for a period of three (3) to assist 40 sub-contracted SMMEs through the provision of a structured and subsidized programme to ensure that SMME's within the iLembe district are sustainable through the support of the incubation programme which is managed by Enterprise iLembe. As a result, the business incubator office has been set up in KwaDukuza area to open the programme up to include other SMMEs in other sectors from all local municipal areas. Enterprise iLembe Community Development Services have been extended to the Business Incubator Office where the Community Development Officers are visiting the office every Wednesday once a week to provide business support to SMMEs and Co-ops, as a result a total of thirty (32) Co-operatives have been registered in the 2018/19 FY and are now in the processes of being assisted with business compliance, training and funding opportunities. The implementing agent submits monthly progress reports showing the business support and assistance that have been provided to the Incubatees as well as challenges faced by SMMEs and Co-ops and interventions that have been devised to improve their businesses. The Enterprise Development Manager has been appointed to manage the running of the business incubator office and to provide direction to the implementing agent on the Enterprise iLembe's vision for the incubation programme and the expected outcomes.

Maphumulo Integrated Energy Centre [IEC]	**Project Budget 18/19: R 750 000** Engen is proposing to construct an Integrated Energy Centre (IEC) in Glendale, KwaMaphumulo. The site is approximately 0.63ha in extent. The development will entail shops, new canopy, internet café/computer room, library, boardroom & toilets, distribution centre, Underground storage tanks, 43 parking bays, Septic tank and soakaway. Unga Trading 7 has been appointed to conduct professional services for Geohydrological Investigations, Designs and Drawings, Land Surveying, SPLUMA Application, Traffic Engineering and Project Management in preparation for the construction of the Maphumulo IEC Project.
Mandeni Youth Enterprise Park	**CoGTA Grant Funded Project Budget 18/19: R 1 000 000** The project entails the construction of a park that will accommodate Youth Enterprises in a structured marketplace, with an objective to stimulate entrepreneurship opportunities for Youth within Mandeni Local Municipality. The Project Management Team and Project Steering Committee structures are in place and they play a technical and an oversight role in the implementation of the project. Delca systems has been appointed as project consultants to design the layout and operational plan for the Youth Enterprise Park and are reporting to both the PMT and PSC. Project inception report and informants/status quo report has been completed and approved; the project is currently sitting at the concept design and viability phase. Land in the Thokoza road area (Ward 7) has been secured by the Mandeni Municipality through receiving approval from Mathonsi Traditional Council. Delca systems is currently engaging with a number of freight companies to assist with the sourcing of containers, and this process is ongoing.
Biomass	**CoGTA Grant Funded Project Budget 18/19: R 5 000 000** The primary objective of the project is to establish a biomass processing plant, to process biomass and bio waste into various renewable energy products (charcoal, oil & gas). It creates a mechanism for sustainable economic development and wealth generation for rural communities as well as integration of small scale producers into the existing petrochemical, agriculture and transportation industries The project also encourages real broad based black economic participation in both the emerging biofuels industry as well as in the established petrochemicals industry; and serve as the stimulus to the development of secondary industries e.g. glycerine production, charcoal and activated carbon production. It also provides a mechanism to prove the viability of medium scale community based Biomass processing projects so as to facilitate more private sector investments in future green energy projects. Enterprise iLembe entered into a partnership agreement with Phambili Energy in Dec 2018 for the implementation of the Biomass Conversion Combination Plan Project which will be located in Ward 3, KwaDukuza Area; and the partnership agreement will be for a period of five (5) years until the project is handed over to the Local Community as per the KZN CoGTA identified ownership model. The project inception has been completed; and the project is sitting in the implementation where the machinery in the plant has been refurbished and will be undergoing testing.
Public Wi-fi	**CoGTA Grant Funded Project Budget 18/19: R 2 500 000**

	Enterprise iLembe is leading the implementation of iLembe Broadband Project, which aims to ensure that there is equitable and affordable access to internet connectivity across all local municipalities within iLembe District. iLembe Broadband Project Masterplan identifies public Wi-Fi as one on key local economic impact opportunities that could be enabled by broadband infrastructure. Enterprise iLembe has appointed Inkanyezi Renaissance Group (IRG) which is an ICASA licensed telecommunications service provider to establish and manage Wi-Fi Zones at Ndwedwe Local Municipal Offices & Johnny Makhathini Civic Centre; and also Maphumulo Local Municipal Offices and Thusong Centers. Maphumulo and Ndwedwe Municipality has endorsed the implementation of the project; and the project is at the inception phase.
District RASET	**Project Budget 18/19: R 5 000 000** RASET has embarked on a Programme to Radically Transform the Agricultural Sector by opening up the government market and align support to emerging farmers. Enterprise iLembe has been nominated as an implementing agent for the RASET Programme on behalf of the iLembe District Municipality. The Project Steering Committee (PSC) has been formalized and sits monthly; and EDTEA RASET Programme Champions have been identified to assist the PSC in the implementation of the programme. 3 x Isuzu Trucks have been procured by EDTEA and has been delivered to Ei Offices and will be used for delivering produce to schools. A variety of service providers have been appointed and allocated per cluster to supply, deliver and install fencing and irrigation sprinkler system for identified projects within the District to receive infrastructural support as part of the RASET Programme. The RASET Funding has also been allocated for the repairs of Emambedweni Tunnel; and the service provider has been appointed. The installation of fencing, irrigation and tunnel repairs will commence in the new financial year for 2019/20.
Ndwedwe Mini-Factories	**Project Budget 18/19: R 2 500 000** The objectives of the project also aims to enable the development of the Mini-factories which will assist in creating opportunities for youth, women, and the community at large to take advantage of the fast growing formal and informal economy in Ndwedwe area. This project is aimed at developing area based cluster business enterprises model in Ward 6 Ndwedwe. These enterprises are to be operated by local entrepreneurs to meet primarily the needs within and beyond the local municipality and therefore can be understood a 'township or rural enterprises' as distinguished from those operated by entrepreneurs outside the area. Cogta has approved funding for the project and Enterprise iLembe is having continuous engagements to acquire land from the Ndwedwe Municipality in order to implement the project

2.3 Capital Used

REVENUE	Actual	Budget	Variance

	2019 R	2019 R	2019 %
Opening accumulated surplus	31 363 456	21 278 015	47%
Operating income for the year	72 120 436	81 982 182	-12%
Total	103 483 892	103 260 197	
EXPENDITURE			
Operating expenditure for the year	70 248 833	78 824 178	-11%
Closing accumulated surplus	33 357 687	33 106 250	.8%
Total	103 606 520	111 930 428	

Project details set out below.

Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance %	Total Project Value
UIF	-	13 626 793	11 999 307	-12%	
SASA	-	220 000	186 335	-15%	
COGTA RASET	-	4 347 826	588 119	-86%	
COGTA BIOMASS	-	4 347 826	2 666 500	-39%	
COGTA YEP	-	869 565	125 531	-86%	
Tourism Ex IDM	1 950 000	1 950 000	1 950 000	0%	
COGTA Public Wi Fi	-	2 173 913	856 246	-61%	
COGTA Mini Factories	-	2 173 913	-	-100%	
LED IDM	3 050 000	3 050 000	3 050 000	0%	
Kwashushu Project	-	1 393 478	21 667 932	1455%	
Development of SMMEs	3 980 000	3 980 000	3 980 000	0%	
District Growth Summit	-	131 000	-	-100%	
Maphumulo IEC Project	700 000	700 000	697 500	0%	
NSNP Project	14 993 102	12 756 178	14 573 235		
	24 673 102	**51 720 492**	**62 340 705**		

2.4 Job Creation & Skills Development

2.4.1 Unemployment Rate

Despite its strategic location, iLembe faces numerous economic challenges such as the high levels of poverty in the rural inland areas, which contrasts with rapid development along its

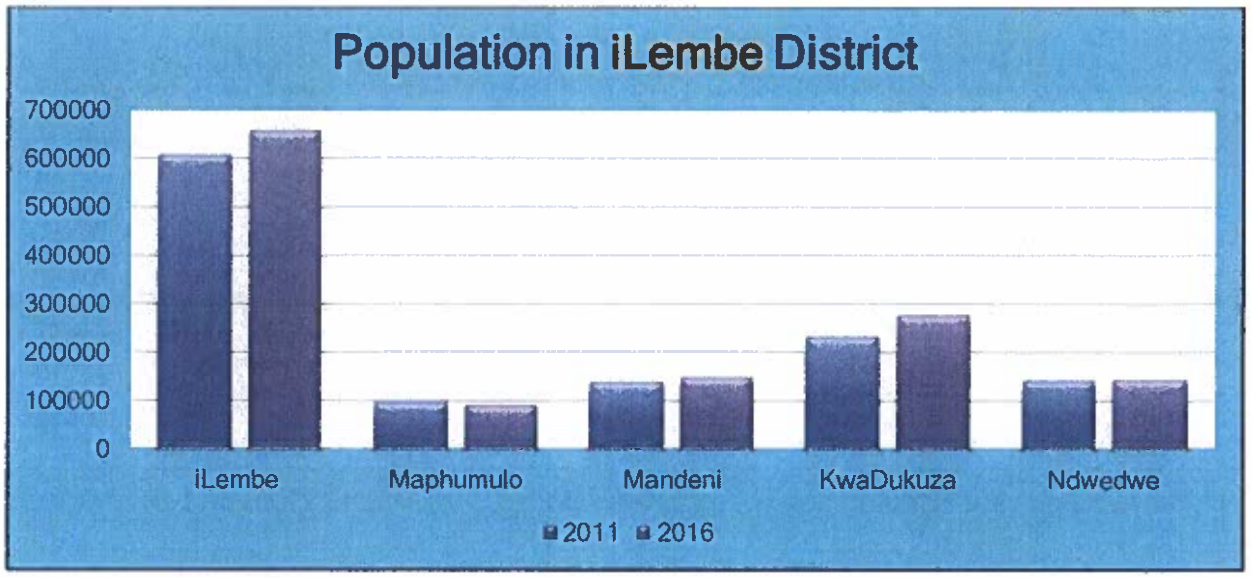
coastal regions. The District has been proactive in developing broad based interventions to facilitate local economic development in response to its challenges of high rates of unemployment and correspondingly high levels of poverty.

The district's unemployment rate is 31% in general and 37% amongst the youth (15-35). While unemployment is above the national average, it is below average for KZN. Youth unemployment is substantially lower than both the national and KZN average (with the exception of Maphumulo and Ndwedwe). The majority of employment in iLembe is in the wholesale, retail and trade industry (21%), community services (17%) and manufacturing industry (17%). The majority of employment in Ndwedwe is in agriculture, the majority of employment in Mandeni is in manufacturing while employment in Maphumulo is being sustained by government employment, and employment in KwaDukuza is the most diversified across all sectors.

➢ **Demographics**

	2011	2016
iLembe	606808	657612
Maphumulo	96724	89969
Mandeni	138078	147808
KwaDukuza	231187	276719
Ndwedwe	140820	143117

Source: Stats SA



➢ **Unemployment Rate**

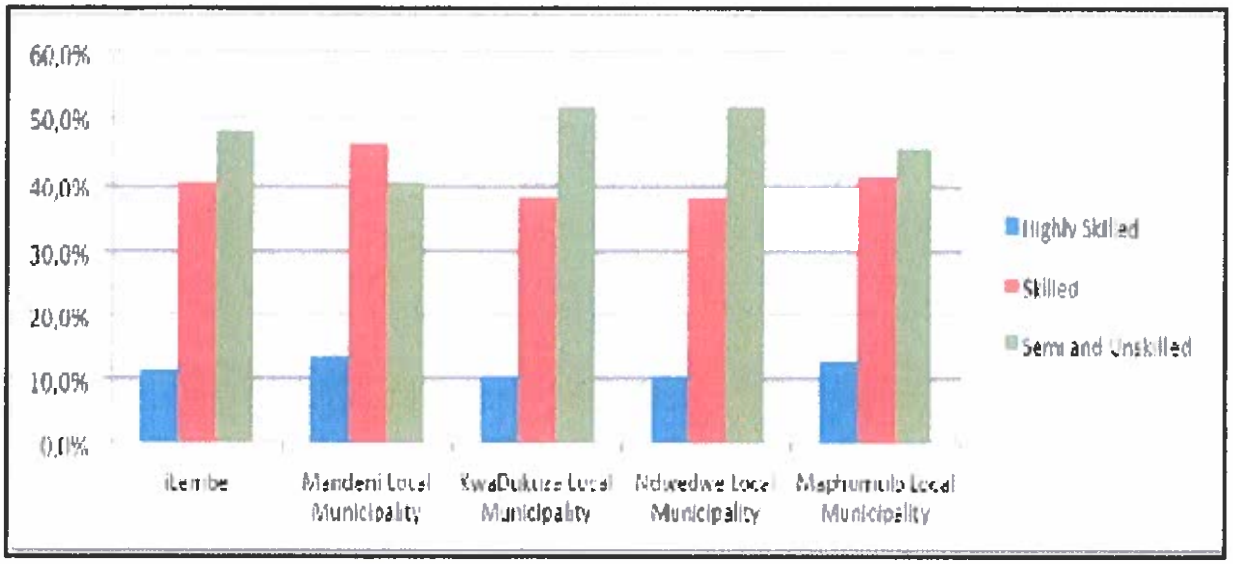
	Unemployment Rate (%)		Youth (15-34) Unemployment Rate (%)	
	2001	2011	2001	2011
iLembe	48.0	30.6	55.8	37.2
Maphumulo	75.9	49.0	83.3	58.4

Mandeni	45.1	28.6	51.5	34.6
KwaDukuza	34.3	25.0	42.6	30.8
Ndwedwe	67.8	48.7	76.4	58.3
Key Indicator			**iLembe**	**KwaZulu-Natal**
			2011	2011
Unemployment	Unemployment Rate		30.60%	33.00%
	Youth Unemployment Rate		37.20%	42.10%
Type of Employment %	Formal		76.81%	76.98%
	Informal		23.19%	23.02%

Source: Stats SA

➢ **Employment by Type and Skills Level**

Below is a figure indicating the breakdown of formal employment into the three skills categories. Between 10% and 13% of the formally employed in all municipalities are highly skilled, with 13% of those formally employed in Mandeni being highly-skilled. This is mainly attributed to the industrial development within the Isithebe Industrial Estate which attracts a greater number of highly-skilled workers to the area.



Source: KZN Treasury

2.4.2 Enterprise iLembe Projects: Direct Jobs Created/Retained

PROJECT NAME	2017/2018	2018/2019
iLembe Agri-Hubs/ Processing Facility	15 [including 3 market loaders]	15 [including 3 market loaders]
Tunnels	37	33
iLembe Vineyards	47	48
iLembe Open Fields	820	910
TOTAL	**919**	**1006**

2.4.3 Number of new co-operatives registered by Enterprise iLembe

No	Name of Cooperative	Registration Date	Area	Total No. Members	No. Females	No. Males	No. Youth >35 yrs
1	Siqalokwethu	13/07/2018	KwaDukuza	12	10	2	7
2	Nondi	04/09/2018	KwaDukuza	5	4	1	1
3	Izimpande	14/ 09/2018	KwaDukuza	5	5	0	3
4	Siphiwinhlanhla	30/10/2018	KwaDukuza	5	4	1	3
5	Imbewu	22/01/2019	KwaDukuza	5	1	4	1
6	Benzeleni	05/03/2019	KwaDukuza	5	0	5	0
7	Ocean View	29/03/2019	KwaDukuza	5	1	4	5
8	PMP	06/05/2019	KwaDukuza	5	2	3	0
9	Imvelaphi	03/07/2019	KwaDukuza	8	4	4	3
10	Singangolwazi	26/06/2019	KwaDukuza	6	3	3	4
11	Mdubuzo	10/06/2019	KwaDukuza	7	4	3	4
12	Asenze	15/07/2018	Ndwedwe	6	6	0	2
13	Izikhwepha Zethu	24/08/2018	Ndwedwe	5	5	0	3
14	Sukumani Mavila	14/10/2018	Ndwedwe	9	9	0	1
15	Injula	18/10/2018	Ndwedwe	5	3	2	2
16	Idikwe	13/09/2018	Ndwedwe	8	7	1	2
17	Nqanawe	14/09/2018	Ndwedwe	6	5	1	2
18	Marest	26/09/2018	Ndwedwe	13	11	2	6
19	Mbothayi	30/09/2018	Ndwedwe	6	6	0	0
20	Bonisa	15/10/2018	Ndwedwe	5	5	0	5
21	Izinga Craft Design	30/05/2018	Ndwedwe	5	2	3	4
22	Ubuhle Bentsha	28/04/2019	Ndwedwe	5	4	1	5
23	Lupetro	30/04/2019	Ndwedwe	5	4	1	4
24	Bhekimpilo	26/06/2019	Ndwedwe	7	4	3	3
25	Umbonomuhle	28/06/2019	Ndwedwe	18	10	8	5
26	Otweni Youth and Community	17/08/2018	Maphumulo	5	4	1	1
27	Thafamasi Women's	22/10/2018	Maphumulo	7	7	0	3
28	Sizangesisu	05/02/2019	Maphumulo	7	5	2	1
29	Isithelo Sethu	16/05/2019	Maphumulo	7	3	4	5
30	Masisweni	12/04/2018	Mandeni	5	3	2	5
31	80 planting	08/01/2019	Mandeni	5	4	1	2
32	Dokodweni	15/02/2019	Mandeni	7	4	3	5
33	Mangethe Prideland	19/03/2019	Mandeni	5	2	3	5
34	Imbonqa Yesizwe	29/03/2019	Mandeni	5	2	3	2

2.5 Performance Management

The Entity utilises the Service Delivery Budget Implementation Plan (SDBIP) as a performance management tool for the Entity as an organisation. Reporting using this performance plan is

conducted on a monthly and quarterly basis to the shareholder; iLembe District Municipality and includes portfolio of evidence. The performance management unit of iLembe District Municipality and the internal auditors (appointed by Enterprise iLembe) conduct a review and audit of the reports; this is then followed with coaching sessions held with the Chief Executive Officer of the Entity and the Municipal Manager of the District.

In respect of individual staff members, the Job Descriptions of employees have been reviewed to be in line with the actual tasks and duties being performed by each person. Review sessions are held with each staff member with the respective manager and CEO. Individual performance plans are aligned to the Entity's SDBIP.

2018/2019 Budget Performance

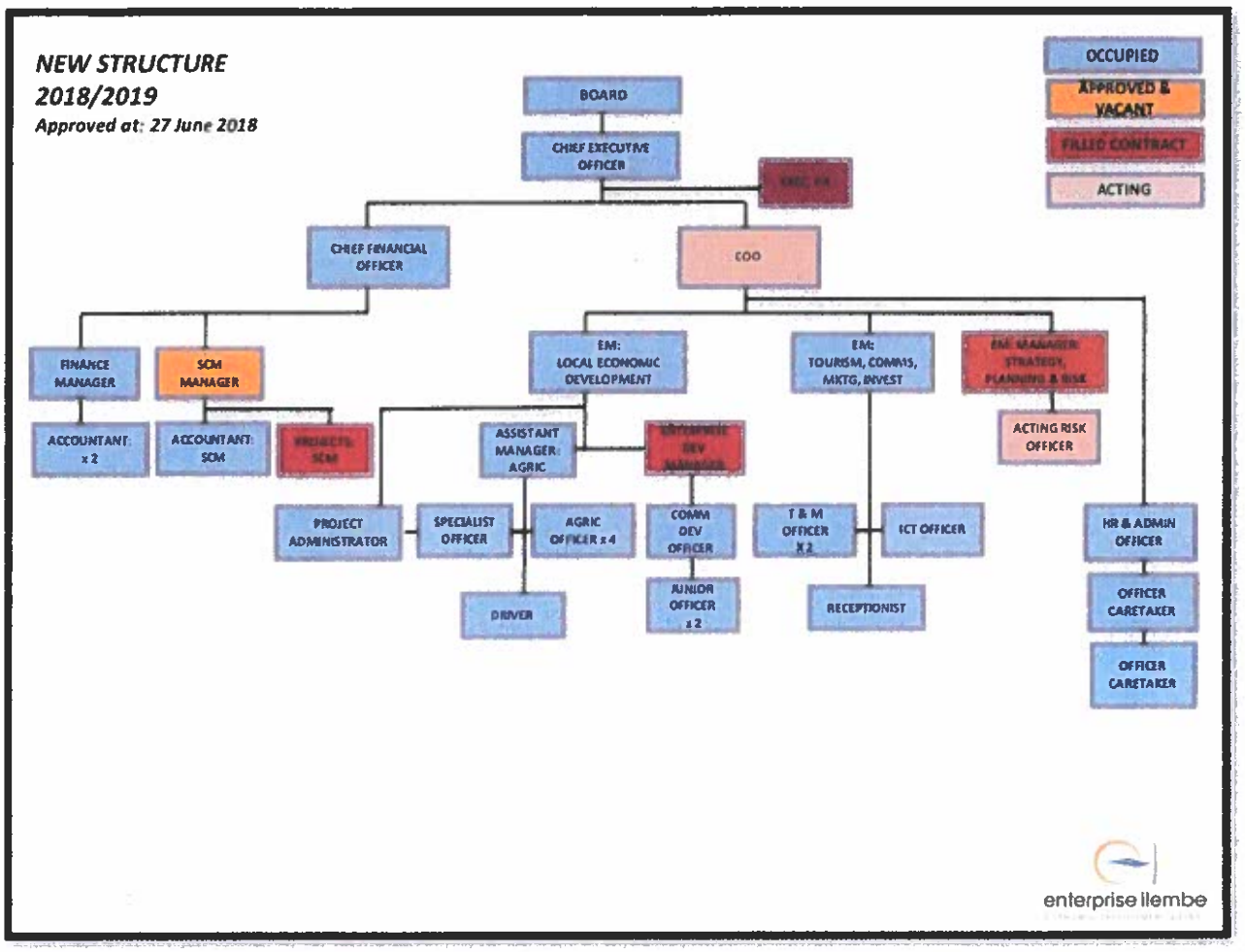
The total annual budget for 2018/2019 financial year for Enterprise iLembe amounted to R81.9 million of which R38.9 million was allocated for projects and R43 million was allocated for operational costs. The Entity relies on the district for funding as well as the payment from DOE for the supply of fresh produce to schools within the district, for the NSNP project. The department pays an average of 60 cents per child per day to run this project.

The National Schools Nutrition Programme (NSNP) was allocated only R12, 7 million for the current financial year by the Department of Education (DOE). The Entity used the entire amount allocated, but there was an amount of R 8,9 million owing by the department at the end of the financial year.

The Entity spent their total allocation from the district. Overall, the performance of the Entity was satisfactory, as can also be ascertained by studying the annual performance report for the 2018/2019 financial year.

CHAPTER 3 – HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

3.1 Organisational Structure 2017/2018



New appointments in the 2017/2018 financial year:

NO	SURNAME	JOB DESIGNATION	START DATE
1	Jeffrey Bahle Magwaza	Enterprise Development Manager (Contract)	02 July 2018
2	Kerry vd Linde	Admin and HR Officer	01 October 2018
3	Revelation Sithole	Agricultural Officer	01 October 2018
4	Sbongile Mzobe	Office Caretaker/Cleaner	01 October 2018
5	Nokuthula Ngcongo	UIF Co-coordinator (contract) & Acting Risk Officer	16 May 2019

Resignations/Contract end 2018/2019 financial year

1.	Pearl Mbambo (Executive PA)	-	29 March 2019
2.	Nokuthula Ngcongo (Finance Clerk)	-	15 May 2019
3.	Jeffrey Bahle Magwaza (EDM)	-	30 June 2019

3.2 Institutional Transformation & Employment Equity

In compliance with the Employment Equity Act, 55/1998, the Enterprise iLembe's Employment Equity Plan has been crafted with the aim to remedy any form of discrimination in the workplace by removing all barriers in the employment policies, practices.

Affirmative Action has been defined as the tool to implement immediate positive remedial action. Programs and procedures to address both historic and existing inequalities and imbalances of the past are being implemented.

The Entity acknowledges the value of retaining staff especially employees with scarce skills and those who possess experience that is required for the Entity to fulfill its objectives. The Entity recognises that in order for it to be able to retain staff, it is very important to create an environment that encourages staff not only to succeed in their jobs but also to grow and achieve their personal development goals and aspirations.

DESIGNATION	NUMBER	MALE	FEMALE	BLACK	WHITE	INDIAN
Board	7	4	3	6	1	-
CEO	1	1	-	1	-	-
CFO	1	-	1	1	-	-
Managers	3	1	2	2	-	1
Total Staff	29	10	18	24	2	2

CHAPTER 4 – AUDITED STATEMENTS & RELATED INFORMATION

4.1 Financial Statements & Related Information

Attached hereto as Annexure A

4.2 Report of the Auditor General on the audit of the financial statements

Opinion

1. I have audited the financial statement of the iLembe management development enterprise (Pty) Ltd set out on pages *6 to 43 (of annexure A)*which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement changes in net assets, statement of cash flows and the statement of comparison of the budget information with actual information for the year that ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the iLembe management development enterprise (Pty) Ltd as at 30 June 2019, and its financial performance and cash flow for the year that ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa ,2003 (Act No. 56 of 2003) and the Companies Act of South Africa, 2008 (Act No.71 of 2008) (the Companies Act).

Basis for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report'.

4. I am independent of the municipal entity in accordance with section 290 and 291 of the international Ethics Standards Board for Accountants Code of Ethics for Professional Accountants and, parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional accountants (including international Independence Standards) (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

6. I draw attention to the matter below.

Unaudited disclosure note

7. In terms of section 125(2) (e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirements did not form part of the audit of the financial statements and, accordingly, I don't express an opinion on it.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statement in accordance with the SA Standards of GRAP and the requirements of the MFMA and the Companies Act, and for such internal control as the accounting authority determines what is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing the iLembe management development enterprise (Pty) Ltd's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)(PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedure address the reported performance information, which must be based on the approved performance planning document of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the Local economic development objective presented in the annual performance report on pages xx-xx for the year ended 30 June 2019.

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for this development priority.

Other matter

17. I draw attention to the matters below.

Achievement of planned targets

18. The annual performance report on *Annexure B* for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a significant number of targets.

Adjustment of material misstatements

19. I identify material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of local economic development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of the compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in the key legislation. I performed procedures to identify findings but not gather evidence to express assurance.

21. The material findings on compliance with specific matters in key legislations are as follows:

Expenditure management

22. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R35 150, as disclosed in note 23 of the annual financial statements, as required by section 95(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the late payment to the South Africa Revenue Services (SARS) for payroll taxes.

Other information

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development objectives presented in the annual performance report that have been specifically reported in this auditor's report.

24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. When I do receive and read the other outstanding information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

There are no matters to report in this regard.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statement, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for opinion, and the findings on compliance with legislation included in the report.

28. The significant deficiencies in internal control, are described below

Financial and performance management

Compliance monitoring

29. The review and monitoring of compliance with the laws and regulations were not adequately implemented to prevent the material non-compliance the fruitless and wasteful expenditure relating to the SARS penalties and interest charged for late payments of excise duties and payroll taxes.

Auditor-General

Auditor General
Pietermaritzburg
30 November 2019

Annexure-Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional skepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development objectives and on the municipal entity's compliance with respect to the selected subject matter.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- Identify and assess the risks of material misstatement of the financial statement whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control

- Conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audits evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the iLembe management development enterprise (Pty) Ltd's ability to continue as a going concern. If I conclude that a material uncertainly exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease continuing as going concern

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

4.3 Chief Financial Officer's Report for the period 2018/2019

1. Introduction

iLembe Management Development Enterprise (Pty) Ltd, trading as Enterprise iLembe, as an Entity of iLembe District Municipality (IDM), relies heavily on the operational grant that it receives from the district in order run the daily operations. As such, it is notable that even with the limited resources the Entity has, the year ended 30 June 2019, has been a productive one, but of course not without challenges. The Entity has managed to fulfil its objective and mandate as given, which is the provision of the Local Economic Development within the iLembe District, which includes the promotion of tourism and investment, this through a number of sectors where impact has been made. The financial resources available have been stretched in a way that has allowed the Entity to function in a productive manner.

The funding sources currently available for the Entity includes allocations from IDM, and allocation from the Department of Education (DOE) for the running of the National Schools Nutrition Programme (NSNP), government grants for various projects and interest earned from investments.

During the 2018/19 financial year, the Entity repaired one Ndwedwe tunnel and will source a technical partner in order to operationalize the tunnel. The Bulwer tunnel is currently used by the Entity in the production of tomatoes for the NSNP project whilst the tunnel in Mathonsi – Mandeni is being leased to Farley Farm.

The Entity has been working with MSCOA since its implementation in 2017. There are constant upgrades and workshops that keep the Entity abreast with all applicable changes.

Below is the summary of the financial position and performance of the Entity.

2. Operating results

Details of the operating results are included in the annual financial statements, which are part of this Annual Report. A summary of the results is as follows

REVENUE	Actual 2019 R	Budget 2019 R	Variance 2019 %
Opening accumulated surplus	33 654 799	21 278 015	58%
Operating income for the year	71 287 175	81 982 182	-13%

Total	104 941 974	103 260 197	
EXPENDITURE			
Operating expenditure for the year	71 104 693	78 824 178	-13%
Closing accumulated surplus	35 520 822	33 106 250	7%
Total	106 625 515	111 930 428	

The variances for the 2018/2019 financial year are as a result of additional revenues in the form of grants that where made available to the entity.

An amount of R 62 340 705 was spent on projects during the 2018/19 financial year as follows

Projects	2018/19 R
UIF	11 999 307
SASA	186 335
COGTA RASET	588 119
COGTA BIOMASS	2 666 500
COGTA YEP	125 531
Tourism Ex IDM	1 950 000
COGTA Public Wi Fi	856 246
COGTA Mini Factories	-
LED IDM	3 050 000
Kwashushu Project	21 667 932
Development of SMMEs	3 980 000
District Growth Summit	-
Maphumulo IEC Project	697 500
NSNP Project	14 573 235
TOTAL	**62 340 705**

One of the challenges that Enterprise iLembe faced during the 2018/2019 financial year was that the IDM allocation was cut by R3.8 million which meant that the Entity had to cut on some operational expenses.

During the last financial year, 2017/2018, the Department of Education (DOE) owed the Entity R5, 2 million. During the current financial year, 2018/2019 DOE again owed the Entity an amount of R8.9 million. The increase in the outstanding amount was due to a request by DOE for the entity to supply Amasi during the last quarter of the financial year.

The Entity has signed a three year SLA with DOE with effect from July 2017 to June 2020.

3. Unspent conditional grants

The following amounts with regards to conditional grants were unspent as at 30 June 2019:

Project Name	Unspent grants 30 June 2019
UIF Grant	3 671 505.92
SASA Grant	22 223.75
COGTA RASET Grant	4 323 662.92
COGTA BIOMASS Grant	1 933 525.00
COGTA YEP Grant	855 638.80
Tourism Ex IDM	-
COGTA Public Wi Fi Grant	1 515 316.86
COGTA Mini Factories Grant	2 500 000.00
LED IDM Grant	-
Operating Grant IDM	-
Development of SMMEs	-
District Growth Summit	131 369.00
Maphumulo IEC Project	-
TOTAL	14 953 242.25

A request for the roll-over will be submitted as soon as unspent amounts are audited and confirmed by Auditor General.

4. Accumulated surplus

The accumulated surplus as at 30 June 2019 was R 33 357 687.

5. Cash and cash equivalents

As at 30 June 2019 the cash and cash equivalents held by Enterprise iLembe were as follows:

Details	R
Cash at bank	8 824 427
Current Investments	11 404 696
TOTAL	20 229 123

6. Expression of Appreciation

A successful year is never a one man's victory, but a collective effort from all other stakeholders involved in the running of the Entity. It is in this spirit that I would like to extend a heart-felt appreciation to the Chairman of the Board, the Board Members, the audit committee, the Chief Executive Officer, the Heads of Departments within the Entity, the finance staff and the rest of staff within the Entity for their support and assistance. Special appreciation is also given to the Office of the Auditor-General for their support and assistance in resolving issues that arise during our interactions.

I would also like to extend my appreciation to our shareholder, iLembe District Municipality, for their continued support and working together with us to fulfil our mandate as Enterprise iLembe.



S.N. MTHEMBU
Chief Financial Officer

4.4 Audit Action Plan

ENTERPRISE ILEMBE AUDIT ACTION PLAN AS AT 30 JUNE 2019									
AG FINDINGS									
#	**Audit Finding**	**Rating**	**Unit**	**Internal Control Deficiency**	**Actions**	**Assigned To**	**Date of Action**	**Action to Date**	**% Complete**
1	Awards made to suppliers in service of the state	M	Finance	Possible conflicts of interest with suppliers must be determined before awarding tenders or accepting quotations.	1.1 Entity to encourage prospective service providers to make correct and honest declarations by highlighting the importance of this at tender briefing meetings and as well as the use of the declaration forms.	SCM	Ongoing per transaction	It is compulsory for all bidders to complete MBD 4-Declaration Of Interest Forms for all tenders. CSD Reports are also being generated on a transactional basis to ascertain whether suppliers are government employees or not.	100%
					1.2 Letters will be sent to all SEVEN suppliers identified as being in service of the state and due action will be taken.		20-Dec-18	Letters sent to suppliers. Suppliers placed on hold on the Munsoft system to prevent the agency from engaging with them.	100%

					1.3 Memo to be sent to the LED Department notifying them of the suppliers identified as being in service of the state and that these suppliers will be placed on hold until the supplier can prove otherwise.		20-Dec-18	Memorandum circulated to LED staff on 13/12/2018.	100%
					1.4 Memo to be sent to all staff notifying them of the prohibition of awards to suppliers in service of the state.		20-Dec-18	Completed. Letter sent on 22/11/2018 to all staff.	100%
2	The agency did not prevent Irregular, Fruitless and Wasteful Expenditure	H	Finance	Management did not adequately review and monitor compliance with the MFMA section 95 to ensure that Irregular, Fruitless and Wasteful Expenditure is prevented	2.1 Irregular Expenditure- ensure that suppliers placed on hold on the Munsoft System	CFO	30-Jun-19	Completed. This related to suppliers picked up by the AG in the 2016/17 audit which was finalized in December 2017- these supplier had been used by then but were not used after finalisation of the audit. These suppliers have been notified of this and have been placed on hold on the system. No payments made to them in the current financial year.	100%

					2.2 Fruitless and Wasteful Expenditure: 2.2.1- Ensure that SARS Returns are submitted on time		30-Jun-19	Completed. All EMP 201 returns submitted on time.	100%
					2.2.2 Commence timeously with the process of renewal of liquor licence		30-Jun-19	Completed. All documents have been submitted and approved for renewal. Payment was made on 26 June 2019.	100%
3	Output VAT not charged on Rental Income	H	Finance	Invoices and transactions are not properly reviewed to ensure that they are in compliance with the VAT Act	AFS has been adjusted to correctly reflect VAT on the rental of tunnels	CFO	30-Nov-18	Completed.	100%

4	Filing of VAT according to the incorrect VAT Category	M	Finance	Management had not enquired from SARS upon noticing that monthly VAT 201 returns have to be filed and if the agency had moved to a category C basis for VAT	Enquire with SARS if the agency has moved to a category C basis for VAT and correctly file the returns accordingly	CFO	30-Nov-18	Completed. SARS confirmed that the agency has moved to a category C basis for VAT and monthly returns are now being filed.	100%
5	Rights of use of Land-Biological Assets	H	LED	Management did not keep written proof ownership of the biological assets as well as the agreement with the Ingonyama Trust for use of the land.	The agency currently has right of use of the land. The agreement will be reviewed should it be deemed necessary, before the agreements lapse.	Head: LED	30-Jun-19	The Permission to Occupy documents (PTO's) for Mandeni, Maphumulo and Ndwedwe have been located.	100%

CHAPTER 5 – FUNCTIONAL SERVICE DELIVERY & REPORTING

5.1 Service Level Agreement

Enterprise iLembe has a Service Level Agreement with iLembe District Municipality. The SLA guides the mandate of the Entity and sets out the function and services to be delivered as follows,

1. Project Management Unit: Using the Project Management Unit for developing and implementing detailed service delivery plans within the framework of the municipality's IDP;
2. Promotion of Social and Economic Development: To promote integrated and equitable social and economic development within the district as a whole by taking appropriate steps to enhance such development;
3. Tourism: Promotion of local tourism for the area of the district municipality;
4. Markets: The establishment, conduct and control of fresh produce markets serving the area of a major portion of the municipalities in the district;
5. Abattoirs: The establishment, conduct and control of abattoirs serving the area of a major portion of the municipalities in the district;
6. Airports: Municipal airports serving the area of the district municipality as a whole
7. Incidental Powers: The right to exercise any power concerning a matter reasonably necessary or incidental to the effective performance of the functions, the exercise of the power and the provision of the services in the paragraph 1 to 7 above.

The following items are not the core function of the Agency:

- Project Management Unit
- Social development
- Markets
- Abattoirs

Reporting

The Chief Executive Officer as the Accounting Officer has been mandated by the Board of Enterprise iLembe to report to the shareholder; iLembe District Municipality and any other relevant structures. In addition to the various Intergovernmental (IGR) structures, regular meetings are held between the Board of Enterprise iLembe and principals of the District. The CEO and management of the Entity participate and report into the following structures;

- Economic Development Portfolio Committee
- Executive Committee Inter-Governmental Forums
- Provincial Forums

The Shareholder; iLembe District Municipality also has ex-officio representation on the Board of

Enterprise iLembe.

CHAPTER 6 – ANNUAL PERFORMANCE REPORTING

In terms of section 93B of the Municipal Systems Act (MSA), the parent municipality must ensure that the performance objectives and indicators for the municipal Entity are established by agreement with the Entity and included in the municipal Entity's multi-year business plan in accordance with section 87 (5) (d) of the Municipal Finance Management Act (MFMA). It is for this reason that the report for the Enterprise iLembe has been included in the Annual Performance Report.

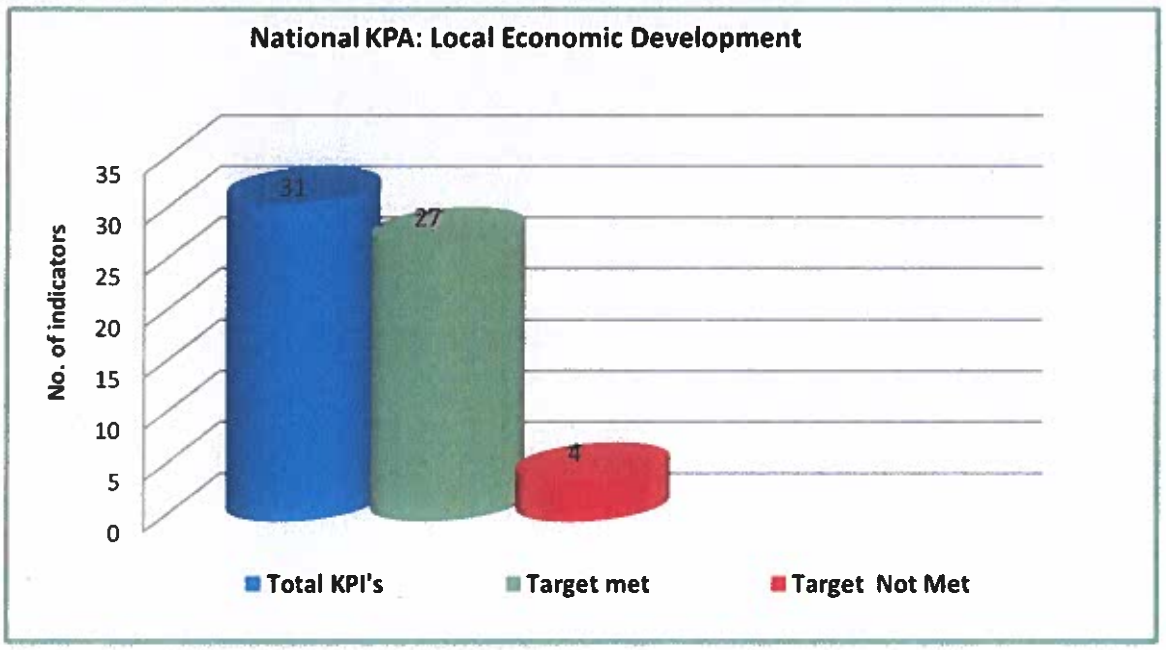
6.1 Organisational Scorecard – Service Delivery Budget Implementation Plan (SDBIP) 2018/2019

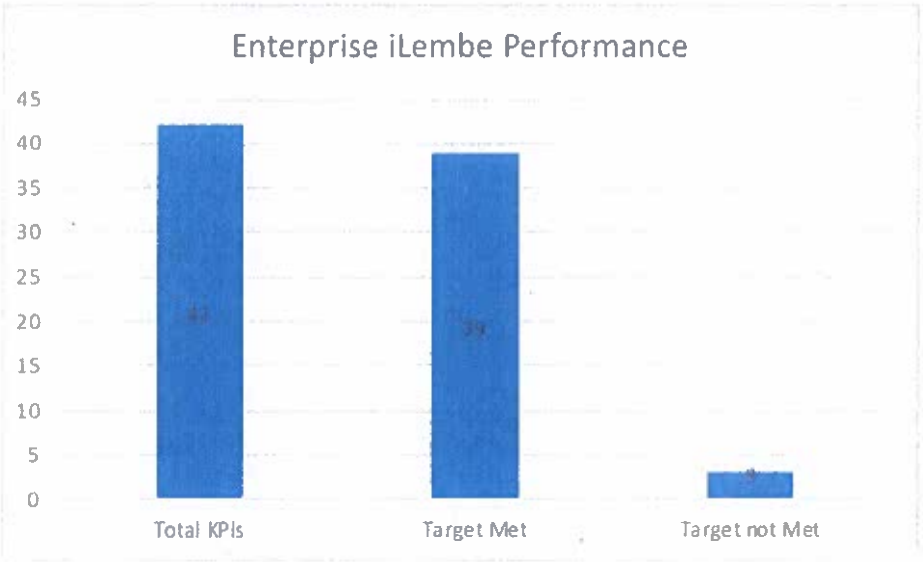
Attached hereto as **ANNEXURE B**

6.2 Highlights on Actual Performance

FINANCIAL YEAR	TARGET MET	% ACHIEVED
2018/2019	39 out of 42	92%
2017/2018	38 out of 43	88%
2016/2017	26 out of 35	74%
2015/2016	39 out of 44	87%
2014/2015	29 out of 39	74%
2013/2014	21 out of 29	72%

2018/2019 Performance





Enterprise iLembe continues to:

- Improve co-ordination of Local Economic Development in the District
- Implements and ensures sustainability of projects to upscale agriculture development in the District
- Capitalises on tourism potential to increase visitor numbers in the District
- Increases manufacturing output in the District to attract interest in investment
- Ensures job creation by identifying and packaging new projects in existing sectors.

PERFORMANCE HIGHLIGHTS AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

Ref Org: 19 - A total of 20 small scale farmers were identified and supported by the Entity.

The Integrated Development Plan was reviewed and adopted by Council on 29 May 2019. In terms of the District climate change response strategy, the project is ahead of target as the Consultant, which was appointed by the Department of Environmental Affairs, prepared the draft strategy.

Drafting of the Integrated Waste Management Plan has been done and is currently at situational analysis phase.

Quarterly LED forums are held and attended with representatives from all the local municipalities. Regarding new markets for farmers, report was prepared on capacitating farmers and engagements with Government departments by the deadline. The project of agricultural Hydroponic Tunnels, the Ndwedwe site is fully operational. Quarterly reports were prepared on the maintenance of the vineyards. The ownership model for existing projects, formalisation of co-operatives for handing over by June 2019 is on track and a report has been prepared outlining the progress status.

Tourism potential is on track, one Community Tourism Organisation was established at Mandeni. Tourism marketing and development is progressing well, with six exhibitions attended, seven adverts/advertorials were in relevant publications, one official tourism travel guide for 2019/2020 financial year was developed, two tourism industry research performance reports prepared and six events supported to increase visitors to the district.

Two business confidence indexes were developed. Bi-annual reporting was done on the implementation of the investment promotion strategy. The investor prospectus was reviewed by end June 2019. A total of 31 business networking sessions were attended/hosted and 2 progress reports were prepared on the Entrepreneur competition.

New co-operatives registered as of at end June 2019 is at 32, one hundred and eleven were trained on basic business skills management and 47 co-ops and SMMEs were assisted with funding applications. Two programmes were implemented, namely, the business incubator and the skills development facilitation programme. An engagement session was held with local municipalities to encourage local businesses to take advantage of government programmes.

Funding was secured form the department of Labour to activate the UIF learner activation programme. The broadband project, funding was sourced for Phase 1 of the ICT project, it was secured from COGTA for the public Wi-Fi programme in Ndwedwe and Maphumulo.

CHALLENGES AND MEASURES TO IMPROVE PERFORMANCE AS PER THE ORGANISATIONAL SCORECARD AND NATIONAL KPA

CHALLENGES	MEASURES TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURES
LOCAL ECONOMIC DEVELOPMENT	
Ref OMM 34 – Only 6 planning and infrastructure alignment meetings were held due to the slowdown in development primarily because of the slow economic growth rate.	
Ref OMM 35 – The reviewed district growth and development plan is not yet adopted. It will be undertaken through the Vuthela iLembe LED programme due to unavailability of internal financial resources.	
Ref EI 02 – Percentage produce procured from Local iLembe farmers is at 59% against a target of 70%. Target was not met due to lack of infrastructure development, harsh weather conditions, seasonality of some of the commodities, which had to be sourced from the market.	Enterprise iLembe has received funding from Cogta, which will be used towards infrastructure development; we have also engaged the Department of Education regarding the planting of substitute commodities to mitigate against seasonality. Department of Agriculture has also been engaged to assist with the supply of inputs and infrastructure development.
Ref EI 09 – The feasibility study for new tourism initiatives was not done.	Project timeline changed due to change in scope of works. Project completion date will be in next financial year.

6.3 Conclusion

Enterprise iLembe's value statement will always be;

"Economic Development that will change the lives of people"

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

TRADING AS ENTERPRISE ILEMBE

REGISTRATION NUMBER: 2006/032665/07

enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

General Information

Country of Incorporation	South Africa
Legal form of entity	(Pty) Ltd
Nature of business	Local Economic Development, Tourism & Investment
Chief Executive Officer	Mr Nkosinathi Nkomzwayo
Chief Financial Officer	Mrs Sinegugu Mthembu
Controlling Entity	iLembe District Municipality
Auditors	Auditor-General of South Africa
Bankers	First National Bank
Postal Address	P O Box 593 Ballito 4420
Physical Address	Sangweni Tourism Centre Cnr. Ballito Drive and Link Road Ballito 4420
Contact No.	032-9461256
Fax No.	032-9463515
Web Address	www.enterpriseilembe.co.za

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Chief Executive Officer's Responsibility and Approval

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of the annual financial statements, set out on pages 6 to 43, in terms of the Company's Act No. 71 of 2008 as amended and section 126 (2) of the Municipal Finance Management Act of 2003, which I have signed on behalf of iLembe Management Development Enterprise (Pty) Ltd.

Nkosinathi Nkomzwayo
Chief Executive Officer

04-Dec-19

Date

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Directors' Responsibilities and Approval

The Directors are required by the Municipal Finance Management Act (Act No. 56 of 2003) and the Companies Act (Act No. 71 of 2008 as amended) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related information. The auditors are responsible to report on the fair presentation of these statements. The financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Directors are also responsible for the company's systems of internal financial control. These are developed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately verify and maintain accountability of assets, and not absolute, assurance as to the reliability of the financial statements and to adequately verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

The annual financial statements have been prepared on the going concern basis. The Board of Directors has adopted this basis of accounting after having made enquiries of management and given due consideration to information presented to the Board, including budgets and cash flow projections for the year ahead and key assumptions and accounting policies relating thereto. Accordingly, the Directors have no reason to believe that the municipal entity will not continue as a going concern in the year ahead.

To enable the Directors to meet these responsibilities, the Directors set standards of internal controls aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities with a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity.

All employees are required to maintain the highest ethical and integrity standards in ensuring that the municipal entity's business practices are concluded in a manner, which in all reasonable circumstances, is above reproach. The concept of reasonable assurance recognises that the control procedures should not exceed the expected benefits. The municipal entity maintains its internal control system through management review. Nothing has come to the attention of the Directors to indicate any breakdown in the functions of these internal controls during the year, which resulted in any material loss to the municipal entity.



Khanyisani S. Shandu
Chairman of the Board

04-Dec-19

Date

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Directors' Report

The following report is submitted in terms of section 30(3) of the Companies Act, 2008, for the period ended 30 June 2019.

General Review

The Municipal Entity was incorporated on 27 October 2008 and replaced the Ilembe Development Foundation which was incorporated on 8 November 2002 and commenced business operations on 1 July 2006. The change was necessary to comply with Section 93 of the Municipal Systems Act. Subject to this there has been no material change in the nature or conduct of the Municipal Entity's business during the period under review. The financial statements adequately disclose the results of the operations for the period under review and the state of the Municipal Entity's affairs for the period ended 30 June 2019.

1. Nature of Business

The Municipal Entity has been formed as a local economic development agency of the Ilembe District Municipality to promote economic growth. The Municipal Entity was formed in terms of the Municipal Systems Act No. 32 of 2000 and the Municipal Finance Management Act No. 56 of 2003.

2. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Material Agreement

The Entity currently has an agreement with the Department of Education (DOE), whereby the Entity runs the National Schools Nutrition Program (NSNP) and DOE provides funding for this programme. There is a Service Level Agreement in this regard.

4. Financial results of the company

The annual financial statements on pages 2-38 set out fully the financial position and results of operations and cash flows of the Entity for the year ended 30 June 2019.

5. Subsequent Events

The Directors are not aware of any matter or circumstance arising since the end of the financial period under review that would impact on the fair presentation of the financial statements presented.

6. Share Capital

Issued share capital is 100 shares at the value of R1.00 each.

7. Dividends

No dividends have been proposed or declared during the year under review, nor are any recommended.

8. Directors

The Directors of the Entity during the year and to date of this report are as follows:

Name	Details
KS Shandu - Chairperson	Appointed November 2015
AT Nzama - Deputy Chairperson	Appointed February 2017
DN Nene	Appointed November 2015
JC Oelofse	Appointed February 2017
ZS Gumede	Appointed February 2017
N Mngadi	Appointed February 2017
P Mngadi	Appointed February 2018

Fees for a retainer and attendance at meetings totalling R660 017 (R550 896 in June 2018) were paid during the period under review. See note 19 of the Annual Financial Statements.

9. Economic Entity

As an Entity of the iLembe District Municipality, the following are applicable in terms of reporting structures:

- The Municipal Manager of iLembe District Municipality - Mr G Kumalo
- The Chair of the Economic Development Portfolio Committee - the Deputy Mayor of iLembe, Cllr D Shandu

10. Directors' interest in contracts

Fees for a retainer and attendance at meetings totalling R660 017 (R550 896 in June 2018) were paid during the period under review. See note 19 of the Annual Financial Statements. The Directors have declared interest in companies they are part of, but none that are linked to the Entity.

11. Corporate Governance

11.1 Board Meetings

The Board has 2 sub committees outside of the Board. As a Board, they are required to meet at least 4 times annually. The schedule below indicates the meetings held during the 2018/2019 financial year and attendance thereof.

Name	Board Committee	LED and Investment	HR and Finance
Number of meetings	6	4	5
KS Shandu - Board Chairperson	6	4	N/A
AT Nzama - Deputy Board Chairperson	3	2	N/A
DN Nene - HR & Finance Sub-Committee C	3	N/A	2
JJC Oelofse	4	4	5
ZS Gumede	6	4	2
N Mngadi	4	N/A	3
B Mngadi	5	N/A	5

11.2 Audit Committee Meetings

The Audit Committee currently comprises of independent, external members and is required to meet at least 4 times per annum as per the MFMA. Additional meetings may be called for as the need arise. 5 meetings were held during the 2018/2019 financial year. Members' attendance at the meetings is listed below:

Name	Number of Meetings Attended
S. Hlophe - Chairperson	5
S Gertze	4
Z. Bongekile	3
S.L Ndlovu	4

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF FINANCIAL POSITION
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

	Note	2019 R	2018 R
ASSETS			
Current assets		**32 939 577**	**12 026 368**
Vat Receivable	3	3 020 481	345 841
Inventory	4	243 680	283 018
Trade and Other Receivables	11	9 446 043	6 287 290
Cash and cash equivalents	12	20 229 373	5 110 218
Non-current assets		**28 940 488**	**24 470 597**
Property, Plant and Equipment	7	28 350 488	24 079 197
Biological Assets	8	590 000	391 400
Total Assets		**61 880 065**	**36 496 964**
LIABILITIES			
Current liabilities		**27 361 433**	**5 133 408**
Trade and Other Payables	1	11 300 455	3 074 160
Provisions	1	1 641 270	1 227 880
Unspent Conditional Grants and Receipts	2	13 501 744	831 369
Finance Lease Liability	5	917 964	-
Non-current liabilities			
Finance Lease Liability	5	1 160 745	-
Total Liabilities		**28 522 179**	**5 133 408**
Net Assets		**33,357,887**	**31,363,556**
NET ASSETS			
Accumulated Surplus		33 357 787	31 363 456
Issued Share Capital	10	100	100
Total Net Assets		**33,357,887**	**31,363,556**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF FINANCIAL PERFORMANCE
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

	Note	2019 R	2018 R
REVENUE			
Revenue from exchange transactions			
Rental Income	13	84 348	66 087
Interest Received	14	819 837	273 047
Other Income	16	1 317 794	106 764
National Schools Nutrition Income	17	21 371 976	18 031 479
Gain on Assets Adjustment	26	747 570	1 400
Total Revenue from exchange transactions		**24 341 524**	**18 478 777**
Revenue from non-exchange transactions			
Government grants and subsidies	15	47 778 912	24 829 416
Total Revenue		**72 120 436**	**43 308 193**
EXPENDITURE			
Depreciation, Amortisation & Impairment	6	2 107 851	1 163 571
Employee Related Costs	18	18 057 150	14 356 698
Directors Fees	19	660 017	550 856
Repairs and Maintenance	20	1 091 025	2 119 131
Contracted Services	21	20 582 175	15 602 380
General Expenses	22	27 731 439	6 748 664
Loss on Disposal	26	19 175	39 945
Total Expenditure		**70 248 833**	**40 581 244**
Surplus / (Deficit) for the year		**1 871 603**	**2 726 949**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF CHANGES IN NET ASSETS
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

	Note	Shares R	Accumulated Surplus/ (Deficit) R.	Total Net Assets R
Opening Balance 1 July 2017		**100**	**28,771,200**	**28 771 300**
				-
Surplus for the year		-	1 708 579	**1 708 579**
Adjustments		-	2 626 371	**2 626 371**
Balance at 30 June 2018		**100**	**33,106,150**	**33,106,250**
Prior period error	29	-	(1 742 694)	(1 742 694)
Restated Balance at 30 June 2018		**100**	**31,363,456**	**31,363,556**
Opening Balance 1 July 2018		**100**	**31,363,456**	**31 363 556**
Surplus for the year		-	1,871,603	**1 871 603**
Adjustments		-	122 628	**122 628**
Balance at 30 June 2019		**100**	**33,357,687**	**33 357 787**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
CASH FLOW STATEMENT
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

	Note	2019 R	2018 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts government and other		105 539 928	45 360 667
Cash paid to suppliers and employees		(83 209 391)	(35 839 628)
Cash generated/(utilised) from operations	24	22 330 537	9 521 039
Interest received	14	819 837	273 047
NET CASH FLOWS FROM OPERATING ACTIVITIES		**23 150 375**	**9 794 086**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7,8,9	(1 416 931)	(299 903)
Increase in current investments		(5 913 079)	(4 904 313)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(7 330 009)**	**(5 204 216)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans raised - leases		(701 210)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(701 210)**	**-**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**15 119 155**	**4 589 870**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**5 110 218**	**520 348**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	**20 229 373**	**5 110 218**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

Description	2018/2019						Comments
	Original Budget R	Adjustment Budget R	Actual outcome June 2019 R	YTD Budget June 2019 R	Variance R	% Varaince	Explanation of material variances over 10%
Financial Position							
Current assets:							
Receivables from exchange transactions	6,299,265	6,299,265	9,446,043	6,299,265	3,146,778	50%	This includes the supply of amasi for the NSNP programme which was given to the entity during the last quarter of the financial year, contrary to last financial year.
Value Added Tax	507 974	507 974	3,020,481	507,974	2,512,506	495%	Relates to additional funding allocated in the current year.
Cash and Cash Equivalents	5,110,218	5,110,218	20,229,373	5,110,218	15,119,155	296%	Unspent amoumnts due to funds received during the second half of the financial year.
Inventory	283 018	283 018	243,680	283,018	(39,338)	-14%	The decrease relates to wine sold and wine used for promotional purpose during the year.
Non-current assets							
Property, plant and equipment	24,079,153	24,079,153	28,350,488	24,079,153	4,271,335	18%	Finance lease of vehicles and acquisitions
Biological assets	391,400	391,400	590,000	391,400	198,600	51%	There was a gain on fair value
Total Assets	**36,671,029**	**36,671,029**	**61,880,065**	**36,671,029**	**25,209,036**		
Current liabilities							
Payables from exchange transactions	2,733,731	2,733,731	11,300,455	2,733,731	8,566,724	313%	Additional funding received in the current year and acrruals
Unspent conditional grants and receipts	831 369	831 369	13,501,744	831,369	12,670,376	1524%	Unspent grants - additional funding received
Finance Lease Liability	-	-	917,964	917,964	-	-	New lease agreement - vehicle finance lease
Non-current liabilities							
Finance Lease Liability	-	-	1,160,745	1,160,745	-	-	New lease agreement - vehicle finance lease
Total Liabilities	**3,565,099**	**3,565,099**	**26,880,909**	**5,643,809**			
Net Assets	**33,105,929**	**33,105,929**	**34,999,156**	**31,027,220**		-	
Accumulated surplus	33,105,829	33,105,829	33,357,787	33,105,829	251,957	1%	Immaterial
Share capital held by Municipality	100	100	100	100	-	0%	
Total Net Assets	**33,105,929**	**33,105,929**	**33,357,887**	**33,105,929**	**251,957**		

Description	2018/2019						Comments
	Original Budget R	Adjustment Budget R	Actual outcome June 2019 R	YTD Budget June 2019 R	Variance R	% Varaince	Explanation of material variances over 10%
Financial Performance							
Interest on investments	250 000	600,000	819,837	600,000	219,837	37%	More interest was realized than initially budgeted for. This is also dependant on interest rates offered by banks and the periods that amounts are invested for.
Government grants and subsidies	35,171,685	60,632,247	47,778,912	60,632,247	(12,853,336)	-21%	Additional allocations were received during the adjustments budget process, which could not all be spent during the year. These will be rolled over to the 2019/2020 financial year.
Other income	19,556,040	20,749,935	23,521,687	20,749,935	2,771,752	13%	The variance is due to the additional provision of Amasi that the Entity was instructed by DOE to provide to the schools, which was not initially budgeted for but invoicing was done during the year.
Total Revenue	**54,977,725**	**81,982,182**	**72,120,436**	**81,982,182**	**(9,861,746)**		
Employee Related Costs	17,845,417	17,220,375	18,057,150	17,220,375	836,775	5%	Includes an amount for leave provision not initially budgeted for.
Directors' fees	631 200	666,016	660,017	666,016	(5,999)	-1%	Immaterial
Depreciation, Amortization & Impairment	1 474 584	1,474,584	2,107,851	1,474,584	633,267	43%	The over expenditure relates to the additional depreciation in respect of leased vehicles, which the Entity has to account for as part of assets
Repairs and maintenance	1,710,000	1,785,164	1,091,025	1,785,164	(694,138)	-39%	A portion of the repairs to the tunnels was capital in nature and had to be booked on the capital budget - hence the low expenditure on the operational budget.
General expenses	13,026,355	41,223,143	27,731,439	41,223,143	(13,491,704)	-33%	Expenditure includes grant expenditure for grants received during adjustments budget, which could not be all spent during the year.
Contracted services	18,217,239	16,454,896	20,582,175	16,454,896	4,127,278	25%	Includes amounts for amasi - not initially budgeted for but for which funding was received from DOE.
Total Expenditure	**52,904,795**	**78,824,178**	**70,229,658**	**78,824,178**	**(8,594,521)**		
Surplus/(Deficit) for the year	**2,072,930**	**3,158,004**	**1,890,778**	**3,158,004**	**(1,267,225)**		

Description	2018/2019						Comments
	Original Budget R	Adjustment Budget R	Actual outcome June 2019 R	YTD Budget June 2019 R	Variance R	% Varaince	Explanation of material variances over 10%
Statement of changes in net assets							
Balance as at 1 July 2018	33 106 250	33 106 250	33,106,250	33,106,250	0	0%	
Correction Prior Year Period	1 097 619	1 097 619	(1,620,066)	(1,620,066)	-	0%	
Surplus/(Deficit) for the year	1,708,579	1 708 579	1,871,603	1,871,603	-	0%	
Balance as at 30 June 2019	**35 912 448**	**35 912 448**	**33,357,787**	**33,357,786**	**0**		
Cash Flows							
Receipts	45,633,714	45,633,714	105,539,928	105,539,928	-	0%	
Payments	35,839,354	35,839,354	83,209,391	83,209,391	-	0%	
Net cash flows from operating activities	9,794,360	9,794,360	23,150,375	23,150,375	-	0%	
Net cash flows from investing activities	(5,204,216)	(5,204,216)	(7,330,009)	(7,330,009)	-	0%	
Net cash flows from financing activities	-	-	(701,210)	(701,210)			
Cash/cash equivalents at the beginning of the year	520,348	520,348	5,110,218	5,110,218	-	0%	
Cash/cash equivalents as at 30 June 2019	**5,110,492**	**5,110,492**	**20,229,373**	**20,229,373**	**0**		

The budget is approved on an accrual basis by nature classification. The approved budgets cover the period 1 July 2018 to 30 June 2019.

The budget and accounting bases are the same as both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

1 BASIS OF PREPARATION

1.1 STATEMENT OF COMPLIANCE

These annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 BASIS OF MEASUREMENT

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis measurement, unless specified otherwise.

1.3 FUNCTIONAL AND PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipal entity. All financial information has been rounded to the nearest Rand.

1.4 OFFSETTING

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the municipal entity has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenue and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

1.5 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipal entity will continue to operate as a going concern for at least the next 12 months.

1.6 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in comformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future.

1.7 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.The municipal entity shall present a comparison of budget and actual amounts as additional budget columns in the primary financial statements only where the financial statements and the budget are prepared on a comparable basis. All comparisons of budget and actual amounts shall be presented on a comparable basis to the budget. The municipality shall explain in notes to the financial statements the budgetary basis and classification basis adopted in the approved budget.

1.8 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipal entity.

GRAP 20 Related Party Disclosures - issued June 2011
GRAP 32 Service Concession Arrangements: Grantor - issued August 2013
GRAP 108 Statutory Receivables - issued September 2013
GRAP 109 Accounting by Principals and Agents
IGRAP 17 Service Concession Arrangements where a Grantor Controls a significant residual interest in an asset

Management have considered all of the above mentioned GRAP standards approved or issued but not yet effective and anticipates that the adoption of these standards will not have a significant on the financial position, financial performance or cashflows of the entity.

2. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies had been applied consistently during the current and previous reporting. as set out in the note 1.2. been applied

2.1 PROPERTY. PLANT AND EQUIPMENT

2.1.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipal entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipal entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipal entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.1.2 SUBEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipal entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.1.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets.

Furniture and equipment	7-10 years
Machinery and equipment	5-10 years
Computer equipment	5 years
Agriculture PPE	10-30 years
Buildings	30 years
Motor Vehicles (Leases)	3 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipal entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.1.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

2.1.5 LEASED ASSETS

Leases in terms of which the municipal entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases. Upon initial recognition of assets leased under finance leases, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3 BIOLOGICAL ASSETS

3.1 INITIAL RECOGNITION

Biological assets are fair valued at the end of each accounting period. Biological assets that have not produced crops are valued at cost while in the case where crops are present the value of the crop at the end of the accounting period is taken into account to arrive at the fair value.

3.2 SUBEQUENT MEASUREMENT

Subsequent to initial recognition, biological assets are measured at fair value less estimated cost to sell.

3.3 DERECOGNITION

Biological assets are derecognized when they are impaired. An independent expert valuer will evaluate the assets to get the fair value at the of the financial year. The report from the valuer is then used to adjust the fixed asset register. The gains or losses are recognized in accumulated surplus or deficit.

4 INTANGIBLE ASSETS

4.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipal entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipal entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitlised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipal entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipal entity has the resources to complete the project; and
- it is probable that the municipal entity will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipal entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4.2 SUBEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

4.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software and websites	5 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in acounting estimate in the Statement of Financial Performance.

The municipal entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

4.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 INVESTMENT PROPERTY

5.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipal entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

5.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

6 INVENTORIES

6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, excluding taxes, transport costs and any other costs in bringing inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.
The basis of allocating cost to inventory items is the first in first out method.

7 FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value. The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when the entity becomes a party to the contractual provisions of this instrument.

7.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities are measured either at fair value or amortised cost or cost.

7.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

7.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liaibilities held at amortised cost, are intitially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

7.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipal entity categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilties carried at amortised cost.

8 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as a receivable, if it meets the definition and the recognition criteria of an asset, in the statement of financial position until it is recovered or written off as irrecoverable.

9 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipal Entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as a receivable, if it meets the definition and the recognition criteria of an asset, in the statement of financial position until it is recovered or written off as irrecoverable.

10 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as a receivable, if it meets the definition and the recognition criteria of an asset, in the statement of financial position until it is recovered or written off as irrecoverable.

11 LEASES

11.1 MUNICIPAL ENTITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipal entity.

Initial Recognition
Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments.

Measurement
The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipal entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent Recognition
Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

11.2 MUNICIPAL ENTITY AS LESSOR

Under a finance lease, the municipal entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipal entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

12 REVENUE

12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipal entity directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Recognition
Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipal entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Measurement
Monetary arising out of a contractual agreement, such as cash and receivables are initially mesured at fair value on acquisition date.

12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipal entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipal entity. Where public contributions have been received but the municipal entity has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipal entity.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

12.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

13 VALUE ADDED TAX (VAT)

The municipal entity accounts for VAT on the cash basis. The municipal entity is liable to account for VAT at the standard rate 15% (14% until 31 March 2018) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes. The municipal entity accounts for VAT on a bi-monthly basis.

14 INCOME TAX

The municipal entity is registered for income tax purposes and is liable for income tax at the corporate rate of 28%. Income tax returns are up to date as at 30 June 2017. Current year tax return will be submitted by due date.

15 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control; or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

16 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

17 IMPAIRMENT OF ASSETS

17.1 Recognition

The municipal entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municpal entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipal entity also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

17.2 Measurement

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

17.3 Reversal of Impairment

The municipal entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.
The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

18 EMMPLOYEE BENEFITS

18.1 Short-Term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date.

18.2 Post-Employment Benefits

18.2.1 Defined Contribution Plans

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employees all the benefits relating to service in the current or prior periods.

The entity's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees, unless another standard requires or permits the inclusion of the contribution in the cost of an asset. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

18.2.2 Termination Benefits

Termination benefits are recognised as an expense when the entity is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

	2019 R	2018 R
1 PAYABLES & PROVISIONS		
1.1 Payables		
Payables from exchange transaction	4,403,877	2 735 057
Creditor Accruals	6,523,500	-
Other Creditors	373,078	339 103
Total Creditors	**11 300 455**	**3 074 160**
1.2 Provision for Leave		
Opening balance	1 227 880	829 088
Movement	413,390	398 792
Closing Balance	**1 641 270**	**1 227 880**
Total Payables	**12 941 725**	**4 302 040**
2 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
UIF Grant	3,671,505	-
SASA Grant	22,224	-
COGTA RASET Grant	3,759,707	-
COGTA BIOMASS Grant	1,681,326	-
COGTA YEP Grant	744,034	-
COGTA Public Wi Fi Grant	1,317,667	
COGTA Mini Factories Grant	2,173,913	
Maphumulo IEC Grant	-	700 000
District Growth and Development Summit	131 369	131 369
Total Conditional Grants and Receipts	**13 501 744**	**831 369**

The increase in unspent grants from the last financial year is as a result of additional grant funded allocated to the Entity during the 2018/2019 financial year.

3 VALUE ADDED TAXATION		
Vat Receivable	**3 020 481**	**345 841**
4 INVENTORY		
Opening Balance	283 018	178 265
Add: Purchases	-	132 306
Add: Current Year Harvest	19 156	-
Less: Sales	(34 485)	(27 553)
Less: Marketing & Promotion Material	(24 009)	-
Balance as at year end	**243 680**	**283 018**
		283 018

Inventory comprise of own produce - bottled and unbottled as well as wine purchased for resale.

	2019 R	2018 R
5 FINANCE LEASE LIABILITY		
Minimum lease payments due		
- within one year	934 947	-
- in second to fifth year inclusive	1 168 684	-
	2 103 630	**-**
less: future finance charges	24 921	-
Present value of minimum lease payments	**2 078 709**	**-**
Present value of minimum lease payments due		
- within one year	917 964	-
- in second to fifth year inclusive	1 160 745	-
	2 078 709	**-**
Non-current liabilities	1 160 745	-
Current liabilities	917 964	-
	2 078 709	**-**

The Entity leases its motor vehicles with Avis and due to the substance of these agreements, they are recognized and disclosed as finance leases. The lease term is 36 months and the interest rate implicit on the agreement is 0,085% per month. Interest rates are generally considered to be fixed at the contract date given the nature of the agreement. All leases have fixed repayments.

6 DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation	2 078 668	1 162 099
Amortisation	-	1 472
Impairment	29 184	-
	2 107 851	**1 163 571**

7 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value 2018/2019

	OTHER ASSETS					
	Motor Vehicles - Leases	Municipal Buildings	Manufacturing Plant	Furniture and Equipment	Computer Equipment	Total
		R	R	R	R	R
Carrying Values at 1 July 2018		**1 288 562**	**16 151 378**	**1 109 307**	**5 529 949**	**24 079 197**
Cost	-	1 394 976	17 480 966	1 797 813	484 162	21 157 916
WIP	-	-	5 777 329	-	5 221 181	10 998 510
Accumulated depreciation	-	(106 414)	(7 106 917)	(688 505)	(175 393)	(8 077 230)
Depreciation	(687 742)	(46 640)	(1 018 043)	(192 645)	(133 599)	(2 078 668)
WIP Acquisitions					856 246	856 246
Acquisitions	2 761 044	-	878 515	861 044	492 500	4 993 103
Impairment	-	-	(29 184)	-	-	(29 184)
Impairment Reversal			548 970			548 970
	-					
Carrying Value of disposals	-	-	2 830	3 984	12 361	19 175
Cost	-	-	12 104	28 781	71 109	111 994
Accumulated depreciation	-	-	(9 274)	(24 797)	(58 748)	(92 819)
Carrying Values at 30 June 2019	**2 073 302**	**1 241 923**	**16 528 805**	**1 773 723**	**6 732 735**	**28 350 488**
Cost	2 761 044	1 394 976	18 347 377	2 630 076	905 552	26 039 025
WIP	-	-	5 777 329	-	6 077 427	11 854 756
Accumulated depreciation	(687 742)	(153 054)	(7 595 901)	(856 353)	(250 243)	(9 543 293)

Included in the carrying value are assets under construction as follows: **R**

Biodiesel Equipment (Manufacturing Plant) - The equipment was bought between the 2010/2011 and the 2011/2012 financial years as part of the biodiesel project funded by the department of COGTA, where the idea was to produce diesel using the moringa plant. The plant dried out during the drought season that affected the district and was subsequently wrote off during the 2015/2016 financial year. The agency made a submission to COGTA requesting the project to be written off and the equipment channeled to a new project under Biomass - which was granted. The commissioning of the biomass project has commenced and will be completed in the 2019/2020 financial year. 5,777,329

Broadband (Computer Equipment) - The broadband project is also a project that happened between the 2010/11 and 2011/12 financial years, whereby the ICT infrastructure was installed. (incl. fiber optic cables). The total cost of rolling out this project was estimated to be about R400m, funding which has not materialized as yet. 5,221,181

Public Wifi (Computer Equipment) - This expenditure relates to the hardware that has been purchased for the installation of Public Wi-Fi. The project will be completed in 2019/2020 856,246

11,854,756

Reconciliation of Carrying Value 2017/2018	Municipal Buildings	Manufacturing Plant	Furniture and Equipment	Computer Equipment	Total
	R			R	R
Carrying Values at 1 July 2017	**929 136**	**18 162 559**	**340 104**	**5 549 005**	**24 980 805**
Cost	155 517	18 956 064	631 376	610 454	20 353 411
WIP	818 811	5 777 329	-	5 221 181	11 817 321
Accumulated depreciation	(45 192)	(6 570 834)	(291 273)	(282 630)	(7 189 929)
Depreciation	(24 814)	(963 992)	(72 342)	(100 951)	(1 162 099)
Additions	53 247	-	128 352	118 304	299 903
Transfer to completed assets	(818 811)	-	-	-	(818 811)
Reclasification of asset costs	397 401	(1 475 098)	1 077 697		
Reclasification of accumulated depreciation	(66 407)	427 909	(361 503)		
Carrying Value of disposals	-	-	3 002	36 409	39 411
Cost	30 000	-	39 613	244 596	314 209
Accumulated depreciation	(30 000)	-	(36 611)	(208 188)	(274 799)
Carrying Values at 30 June 2018	**1 288 562**	**16 151 378**	**1 109 307**	**5 529 949**	**24 079 198**
Cost	1 394 976	17 480 966	1 797 813	484 162	20 858 013
WIP	-	5 777 329	-	5 221 181	10 998 510
Accumulated depreciation	(106 414)	(7 106 917)	(688 505)	(175 393)	(7 777 325)

8 BIOLOGICAL ASSETS

Reconciliation of Carrying Value 2018/2019	Vineyards	Total
	R	R
Carrying Values at 1 July 2018	**391 400**	**391 400**
Cost	1,710,000	1 710 000
Accumulated depreciation	(1 318 600)	(1 318 600)
Acquisitions	-	-
Gain on Fair value	198 600	198 600
Carrying Values at 30 June 2019	**590 000**	**590 000**
Cost	1,710,000	1 710 000
Accumulated depreciation	(1 120 000)	(1 120 000)

Reconciliation of Carrying Value 2017/2018	Vineyards	Total
	R	R
Carrying Values at 1 July 2017	**390 000**	**390 000**
Cost	1,710,000	1 710 000
Accumulated depreciation	(1 320 000)	(1 320 000)
Acquisitions	-	-
Loss on Fair value	1,400	1 400
Carrying Values at 30 June 2018	**391,400**	**391,400**
Cost	1,710,000	1,710,000
Accumulated depreciation	(1 318 600)	(1 318 600)

9 INTANGIBLE ASSETS

Reconciliation of Carrying Value 2018/2019	Software	Total
	R	R
Carrying Values at 1 July 2018	-	-
Cost	-	-
Accumulated Amortisation	-	-
Acquisitions	-	-
Amortisation	-	-
Carrying Values at 30 June 2019	-	-
Cost	-	-
Accumulated Amortisation	-	-

Reconciliation of Carrying Value 2017/2018	Software	Total
	R	R
Carrying Values at 1 July 2017	**2,027**	**2 027**
Cost	28,816	28 816
Accumulated Amortisation	(26,789)	(26 789)
Write Offs at Book Value	555	555
Cost	28 816	28 816
Accumulated Depreciaion	(28 261)	(28 261)
Amortisation	(1 472)	(1 472)
Carrying Values at 30 June 2018	-	-
Cost	-	-
Accumulated Amortisation	-	-

	2019 R	2018 R
10 ISSUED SHARE CAPITAL		
Name of company Ilembe District Municipality		
Carrying amount	100	100
% Holding	100%	100%
Ordinary Shares: 100 @ R1 each		
11 RECEIVABLES		
11.1 Receivables from Exchange Transactions		
Provincial Department of Education	8,947,983	5 325 361
SARS	102,113	224 280
Other Debtors	277,796	64 674
Total Receivables from Exchange Transactions	**9,327,893**	**5 614 315**
11.2 Other Receivables		
Ilembe District Municipality	-	646 625
Deposits	118,150	26 350
Total Receivables from non-exchange transactions	**118,150**	**672 975**
Total Receivables	**9,446,043**	**6 287 290**
12 CASH AND CASH EQUIVALENTS		
12.1 Bank Accounts		
12.1.1 Rocabex - Trust Bank Account - Kloof Branch *First National Bank Account* *Account Number 62347813471: Current Account*		
Cash book balance at the begining of the year	205,218	205 218
Cash book balance at the end of the year	**204,873**	**205 218**
Bank statement balance at the begining of the year	205,218	205 218
Bank statement balance at the end of the year	**204,873**	**205 218**
12.1.2 First National Bank Account - Main Bank Account - Stanger Branch *Account Number 62450574077: Cheque Account*		
Cash book balance at the begining of the year	91	308 223
Cash book balance at the end of the month	**2,809,995**	**91**
Bank statement balance at the begining of the year	91	308 223
Bank statement balance at the end of the month	**2,809,995**	**91**
12.1.3 First National Bank Account - UIF Account - Stanger Branch *Account Number 62804908286: Corporate Cheque Account*		
Cash book balance at the begining of the year	-	-
Cash book balance at the end of the month	**5,809,093**	**-**
Bank statement balance at the begining of the year	-	-
Bank statement balance at the end of the month	**5,809,093**	**-**
Total Bank Accounts	**8,823,961**	**205 309**
Petty Cash	716	596
	8,824,677	**205 905**

	2019 R	2018 R
12.2 Current Investments		
12.2.1 First National Bank Account - Business Investment Desk Branch		
Account Number 74767676876 Fixed Maturity Notice		
Cash book balance at the begining of the year	1,003,710	-
Cash book balance at the end of the year	-	**1 003 710**
Bank statement balance at the begining of the year	1,003,710	-
Bank statement balance at the end of the year	-	**1 003 710**
12.2.2 First National Bank Account - Business Investment Desk Branch		
Account Number 74767678161 Fixed Maturity Notice		
Cash book balance at the begining of the year	1,000,000	-
Cash book balance at the end of the year	-	**1 000 000**
Bank statement balance at the begining of the year	1,000,000	-
Bank statement balance at the end of the year	-	**1 000 000**
12.2.3 First National Bank Account - Business Investment Desk Branch		
Account Number 74769875781 Fixed Maturity Notice		
Cash book balance at the begining of the year	805,994	-
Cash book balance at the end of the year	-	**805 994**
Bank statement balance at the begining of the year	805,994	-
Bank statement balance at the end of the year	-	**805 994**
12.2.4 First National Bank Account - Business Investment Desk Branch		
Account Number 62602914138 - Call Account		
Cash book balance at the begining of the year	16,111	-
Cash book balance at the end of the year	-	16 111
Bank statement balance at the begining of the year	16,111	6 563
Bank statement balance at the end of the year	-	16 111
12.2.5 Investec - Grayston Drive Branch		
Account Number 1100546992530 Business Top5		
Cash book balance at the begining of the year	2,078,498	-
Cash book balance at the end of the year	-	**2 078 498**
Bank statement balance at the begining of the year	2,078,498	-
Bank statement balance at the end of the year	-	**2 078 498**
12.2.6 Investec - Grayston Drive Branch		
Account Number 1100546992500 Business Top5		
Cash book balance at the begining of the year		
Cash book balance at the end of the year	**5,051,264**	
Bank statement balance at the begining of the year		
Bank statement balance at the end of the year	**5,051,264**	**-**

	2019 R	2018 R
12.2.7 First National Bank Account - Business Investment Desk Branch		
Account Number 62602914138		
Cash book balance at the begining of the year	-	-
Cash book balance at the end of the year	**5,324,824**	-
Bank statement balance at the begining of the year	-	-
Bank statement balance at the end of the year	**5,324,824**	-
12.2.8 First National Bank Account - Business Investment Desk Branch		
Account Number 62793930142		
Cash book balance at the begining of the year	-	-
Cash book balance at the end of the year	**1,028,608**	-
Bank statement balance at the begining of the year	-	-
Bank statement balance at the end of the year	**1,028,608**	-
Total Current Investments	**11,404,696**	**4 904 313**
CASH & CASH EQUIVALENTS	**20,229,373**	**5 110 218**

13 RENTAL INCOME OF FACILITIES

Bulwer Tunnels	-	40 000
Mathonsi Tunnels	84,348	26 087
	84,348	**66 087**

The rental income relates to the agreement in place between the Agency and Farley Farms (for the Mathonsi Tunnel). The agreement with Farley is in place from 1 November 2017 to 31 October 2020.

14 INTEREST RECEIVED

Bank	154,856	32 153
Investments	664,981	240,894
	819,837	**273 047**

Interest from investments was derived from amounts invested with FNB and Investec Banks.

	2019 R	2018 R
15 GOVERNMENT GRANTS AND SUBSIDIES		
UNCONDITIONAL GRANTS		
Operational Ex IDM	21,667,932	18 384 781
Ilembe District Municipality - LED Projects & Programmes	3,050,000	3 582 999
Ilembe District Municipality - Tourism Programmes	1,950,000	2 138 205
Ilembe District Municipality - Development of SMME's	3,980,000	500 000
CONDITIONAL GRANTS		
King Shaka Tourism Route	-	54 800
District Growth and Development Summit - COGTA	-	168 631
COGTA Public Wi Fi Grant	856,246	-
COGTA YEP Grant	125,531	-
COGTA BIOMASS Grant	2,666,500	-
COGTA RASET Grant	588,119	-
SASA Grant	197,776	-
UIF Grant	11,999,307	-
Maphumulo IEC Project	697,500	
Total Government Grant and Subsidies	**47,778,912**	**24 829 416**
15.1 Grant COGTA Public Wi Fi Grant		
Balance unspent at beginning of year	-	-
Current year receipts	2,173,913	-
Conditions met - transferred to revenue	(856 246)	-
Conditions still to be met-transferred to liabilities	**1,317,667**	-
15.2 Grant COGTA Mini Factories Grant		
Balance unspent at beginning of year	-	-
Current year receipts	2,173,913	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities	**2,173,913**	-
15.3 Grant Ilembe District Municipality - LED		
Balance unspent at beginning of year	-	199 999
Current year receipts	3,050,000	3 383 000
Conditions met - transferred to revenue	(3 050 000)	(3 582 999)
Conditions still to be met-transferred to liabilities	-	-
15.4 Grant Ilembe District Municipality - Tourism		
Balance unspent at beginning of year	-	501 254
Current year receipts	1,950,000	1 636 951
Transferred to revenue - no further conditions to be met	(1 950 000)	(2 138 205)
Conditions still to be met-transferred to liabilities	-	-
15.5 COGTA YEP Grant		
Balance unspent at beginning of year	-	-
Current year receipts	869,565	-
Conditions met - transferred to revenue	(125 531)	-
Conditions still to be met-transferred to liabilities	**744,034**	-
15.6 Grant COGTA BIOMASS Grant		
Balance unspent at beginning of year	-	-
Current year receipts	4,347,826	-
Conditions met - transferred to revenue	(2 666 500)	-
Conditions still to be met-transferred to liabilities	**1,681,326**	-

	2019 R	2018 R
15.7 Grant COGTA RASET Grant		
Balance unspent at beginning of year	-	-
Current year receipts	4,347,826	-
Conditions met - transferred to revenue	(588 119)	-
Conditions still to be met-transferred to liabilities	**3,759,707**	**-**
15.8 Grant SASA		
Balance unspent at beginning of year	-	-
Current year receipts	220,000	-
Conditions met - transferred to revenue	(197 776)	-
Conditions still to be met-transferred to liabilities	**22,224**	**-**
15.9 Grant District Growth and Development Summit 2018 - COGTA		
Balance unspent at beginning of year	131,369	-
Current year receipts	-	300 000
Conditions met - transferred to revenue	-	(168 631)
Conditions still to be met-transferred to liabilities	**131,369**	**131 369**
15.10 Growth UIF Grant		
Balance unspent at beginning of year	-	-
Current year receipts	15,670,812	-
Conditions met - transferred to revenue	(11 999 307)	
Conditions still to be met-transferred to liabilities	**3,671,505**	**-**
15.11 Development of SMMEs		
Balance unspent at beginning of year		-
Current year receipts		-
Conditions met - transferred to revenue		-
Current year receipts	3,980,000	500 000
Conditions met - transferred to revenue	(3 980 000)	(500 000)
Conditions still to be met-transferred to liabilities	**-**	**-**
15.12 Maphumulo IEC Grant		
Current year receipts	700,000	700 000
Conditions met - transferred to revenue	(697 500)	-
Adjustments and Transfers	(2 500)	-
Conditions still to be met-transferred to liabilities	**-**	**700 000**

16 OTHER INCOME

KwaDukuza Municipality	206,450	56,787
Wine sales	64,169	47,778
Insurance refunds	121,625	-
Africa Ignite	528,006	-
Tourism KZN	367,540	-
Other income	30,003	2,200
	1 317 794	**106 764**

	2019 R	2018 R
17 National Schools Nutrition Programme		
Supply of vegetables	21,371,976	18 031 479
	21 371 976	**18 031 479**

The Entity has a contract with the Department of Education (DOE) for the supply of vegetables to schools within iLembe District. DOE and the Entity signed a 3 year SLA commencing on 1 July 2017. In April 2019, the Entity was requested to supply Amasi to the schools up to June 2019.

18 EMPLOYEE RELATED COSTS

Employee related costs - salaries and wages	13,692,941	11 060 764
Vineyard Wages	1,156,211	1 194 256
Tunnel workers	552,202	288 400
Pension contributions	1,109,615	253 680
Medical aid	665,418	565 216
UIF	201,500	48 723
Leave pay	484,985	466 283
Car and other allowances	194,278	479 376
	18 057 150	**14 356 698**

Included in the employee related costs are the following:

Remuneration of the Chief Executive Officer		
CEO	1,525,488	1 442 396
UIF	1,785	1 785
Total	**1 527 272**	**1 444 181**
Remuneration of the Chief Financial Officer		
Annual Remuneration	1,081,816	990 389
Car and Other Allowances	42,100	60 000
Medical Aid	43,956	35 017
Pension Fund	186,743	43 632
UIF	1,785	1 785
Total	**1 356 400**	**1 130 822**
Remuneration of the Head: LED		
Annual Remuneration	1,051,986	730 606
Car and other allowances	58,704	219 182
Medical Aid	31,985	30 954
Pension Fund	91,465	21 370
UIF	1,785	1 785
Total	**1 235 923**	**1 003 897**
Remuneration of the Manager: Tourism, Market and Communication		
Annual Remuneration	954,405	718 859
Car and other allowances	60,674	172 944
Medical Aid	43,956	38 435
Pension Fund	85,881	24 850
UIF	1,785	1 785
Total	**1 146 701**	**956 872**

19 REMUNERATION OF BOARD MEMBERS

Remuneration includes a retainer and attendance fees at meetings:

KS Shandu - Chairperson	(Appointed November 2015)	121,463	109 423
AT Nzama - Deputy Chairperson	(Re-Appointed February 2017)	90,437	90 437
D Nene - Finance & HR Chairperson	(Appointed November 2017)	93,437	90 437
JC Oelofse	(Re-appointed February 2017)	92,420	77 420
ZS Gumede	(Appointed February 2017)	95,420	74 420
N Mngadi	(Appointed February 2017)	77,420	74 460
B Mngadi	(Appointed February 2018)	89,420	34 258
Total Board Members' Remuneration		**660 017**	**550 856**

	2019 R	2018 R
20 REPAIRS AND MAINTENANCE		
General Repairs	313,755	260 469
Repairs and Maintanance tunnels and hubs	777,271	1 858 662
	1 091 025	**2 119 131**
21 CONTRACTED SERVICES		
Other Contracted Services	**2 556 618**	**1 844 733**
Rental of premises	808 998	135 972
Security	795 509	428 220
Cleaning services	95 834	74 852
Fuel and Oil	345 525	251 323
Internal Audit	211 951	133 068
Lease of Vehicles	226 082	772 648
Leases- Office Equipment	72 719	48 650
National Schools Nutrition Programme	**18 025 556**	**13 757 647**
NSNP: Vegetables - Market	4 264 913	3 140 391
NSNP: Farmers	4 860 864	4 939 635
NSNP: Hub Workers	265 272	271 800
NSNP: Amasi	2 840 403	-
NSNP: Transportation of Vegetables	5 794 104	5 405 821
	20 582 175	**15 602 380**
22 GENERAL EXPENSES		
Included in general expenses is the following: -		
Advertising	403,305	274 794
External Audit Fees	666,588	661 312
Subscriptions/Licences/Insurance	181,641	140 372
Bank Charges	54,015	36 137
Entertainment/Refreshments	101,571	74 007
Consulting and Professional Fees	4,941,970	451 216
Board Expenses/Travel	27,632	11 548
Purchase of Wine	39,338	39 673
Tourism events and exhibitions	1,345,090	1 952 350
Subsistence, Travel & Accommodation	1,387,801	702 987
Conference and workshop	56,410	43 948
Legal Fees	286,659	14 294
Telephone and Fax	466,958	280 210
Training	6,322,968	89 449
Mechanization	1,114,524	358 475
Development of SMMEs	853,066	521 281
Interest and Penalties	20,027	57 975
Postage, Courier & Delivery Services	6,565	14 351
District Growth Development Summit	-	146 636
Marketing, Communication & investments	1,928,453	356 584
Printing and stationary	114,059	168 210
Water and Electricity	292,789	133 642
Audit Committee	105,000	85 128
Winery Operations	8,975	5 971
ICT Services	113,245	128 117
Admin Costs/Consumables	54,288	-
Projects Expenditure	4,759,529	-
UIF Learner Stipends	2,042,000	-
Uniforms	36,974	-
	27 731 439	**6 748 664**
23 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
23.1 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wastful expenditure		
Opening balances-		
Fruitless and wasteful expenditure current year	35,150	58 507
Fruitless and wasteful expenditure written off	(33 126)	(58 507)
Fruitless and wasteful expenditure not yet written off	**2 025**	**-**

	2019 R	2018 R
23.2 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	-	27 665
Awards to employees of the state current year	2 244	28 160
Amount written off by Board	-	(55 825)
Irregular expenditure not yet written off	**2 244**	-

Awards to the suppliers in service of the state relate to transactions that occurred before the finalization of 2017/2018 audit, which the entity was liable to pay.

23.3 Deviations

Deviations were approved in terms of Section 34 of the Supply Chain Management Policy:		
Total Value	**5 909 837**	**7 283 350**
Total Number of Cases	**6**	**6**

24 CASH GENERATED/(UTILISED) BY OPERATIONS

Surplus for the year	1 871 603	2 726 949
Adjustment for: -		
Adjustments/Previous years operating transactions	4 815 574	5 997 520
Depreciation, impairment & amortization	2 107 851	1 163 571
Loss/(gain) on disposal of property, plant and equipment	(728 394)	38 545
Investment income	(819 837)	(273 047)
Finance costs	(18 876)	-
Operating surplus before working capital changes:	7 227 921	9 653 538
(Increase)/Decrease in inventories	39 338	(104 753)
(Increase)/Decrease in receivables	(3 158 753)	(680 276)
(Decrease)/increase in unspent conditional grants	12 670 376	73 116
Increase/(Decrease) in Payables	8 226 295	577 596
Increase in VAT receivable	(2 674 640)	1 819
Cash generated/(utilised) by operations	**22 330 537**	**9 521 039**

25 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Current Investments	11 404 696	4 904 313
Bank balances and cash	8 824 677	205 905
Total cash and cash equivalents at the end of the year	**20 229 373**	**5 110 218**

	2019 R	2018 R
26 GAINS AND LOSSES		
26.1 Disposal of Assets		
Loss on disposal	19,175	39 961
Gain on disposal	-	(16)
(Gain) / Loss	**19 175**	**39 945**
26.2 Gain on fair valuing of assets	(198 600)	(1 400)
26.3 Impairment Reversal	(548 970)	-
	(747 570)	**(1 400)**
27 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
27.1 Audit fees		
Current year audit fee	666 588	661 312
Amount paid - current year	(666 588)	(661 312)
Balance unpaid (included in creditors)	-	-
27.2 PAYE and UIF		
Opening balance	249 025	-
Current year payroll deductions	3 492 175	3 074 000
Amount paid - current year	(3 441 933)	(2 824 975)
Balance unpaid (included in creditors)	**299 268**	**249 025**
27.3 Medical Aid Contributions		
Opening balance	93 067	-
Current year payroll deductions	1 129 791	971 599
Amount paid - current year	(1 161 296)	(878 532)
Balance unpaid (included in creditors)	**61 562**	**93 067**
27.4 Pension Contributions		
Opening balance	-	-
Current year payroll deductions	1 689 553	376 520
Amount paid - current year	(1 689 571)	(376 520)
Balance unpaid (included in creditors)	**(18)**	**-**

28 INCOME TAX

No provision has been made for income tax in the current financial year, the enterprise is in a tax loss position. Prior to considering current year tax implications; the enterprise had a brought forward assessed loss of R18 163 782.

29 CORRECTION OF PRIOR PERIOD ERROR

Effects on Statement of Financial Performance	
General Expenses	389 947
These relate to expenses raised in the incorrect period (2018) but relating to 2019	
Contracted Services	49 683
These relate to expenses raised in the incorrect period (2018) but relating to 2019	
	439 630
Effects on Statement of Financial Position	
Vat Receivables	(162 134)
Relates to prior period vat transactions that were incorrectly accounted for in June 2018	
Trade and Other Receivables	(11 975)
Relates to prior period prepayment that was incorrectly accounted for in June 2018	
Cash & Cash Equivalents	(275)
Relates to petty cash transactions that were incorrectly accounted for in June 2018	
Trade and Other Payables	(1 568 309)
Relates to prior period creditors that were incorrectly accounted for in June 2018	
	(1 742 692)
Effects on Statement of Net Assets	**(1 742 692)**

The above errors, which have been corrected in the financial statements as at 30 June 2019, relate to the transactions that were mixed up between the 2018 and 2019 financial years as a result of the system closing and re-opening after transactions captured for 2019 had already been processed. When 2018 was re-opened, the system recognized all 2019 transactions as part of 2018.

	2019 R	2018 R

30 EVENTS AFTER THE REPORTING DATE

No events after the reporting date that could affect the presentation of the annual financial statements have been identified.

31 RELATED PARTIES

Parent Municipality: Ilembe District Municipality.
Ilembe District Municipality is the sole shareholder of the entity.

Related party balances		
Amounts owing by/(to) iLembe District Municipality :		
Opening Balance	646,698	526,779
Movements during the year	(1 518 448)	119,919
Closing Balance	**(871,751)**	**646,698**
This amount is included under payables		
Grant income received by Enterprise Ilembe:		
Administration Grant	21 667 932	18 384 781
LED Grant	3 050 000	3 383 000
Tourism Grant	1 950 000	1 636 951
Raset Grant	5 000 000	-
YEP Grant	1 000 000	-
Biomass Grant	5 000 000	-
Mini-Factories	2 500 000	-
Public Wi-Fi	2 500 000	-
District Growth & Development Summit	-	300 000
Development of SMMEs	3 980 000	500 000
	46 647 932	**24 204 732**

There were no other transactions in the current year, other than the ones listed above.

32 OPERATING LEASES

The future minimum lease payments payable under operating leases for the actual liability are as follows:

No later than 1 year	136 506	32 433
Later than 1 year and no later than 5 years	250 261	-
	386 767	**32 433**

The entity entered into a lease agreement for machinery (contract for 5 printing machines) which is for the period 01 April 2019 to 31 March 2022.

33 TRANSFER OF AGRICULTURAL PROJECTS

The process of transferring the following agricultural assets presently disclosed as PPE Agriculture and Biological Assets is currently underway. The entity is busy with the implementation of the ownership model. COGTA gave the entity a period of 36 months to complete the process

Biodiesel	5 777 329	5 777 329
North Coast Vineyards	590 000	391 400
Agri Processing Facilities	10 751 476	10 107 236
	17 118 805	**16 275 965**

34 GOING CONCERN

The annual financial statements for the period ended 30 June 2019 have been prepared on a going concern basis. The agency does not forsee anything that will hinder it operating in the future.

	2019 R	2018 R

35 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

35.1 Interest Rate Analysis

The risk that the entity will not receive the maximum interest benefits from investments.

Financial Assets:

External Investments:		
Current Investments	11,404,696	4,904,313
Bank balances and cash	8,824,677	205,905
	20,229,373	**5,110,218**
Interest earned bank external investments	**819,837**	**273,047**
Interest rate	**4.1%**	**5.3%**
Outstanding Debtors:		
Other debtors	9,327,893	6,233,253
	9,327,893	**6,233,253**
Interest earned on outstanding debtors		
Interest rate	**0.0%**	**0.0%**

35.2 Credit Risk

The risk that debtors will not pay the entity on time.

Receivables:		
Other debtors	9,327,893	6,233,253
	9,327,893	**6,233,253**
Ageing of consumer debtors:		
Current	1,823,874	1,169,873
31-60 days	6,847,552	3,273,942
>60 days	656,467	1,672,841
Net Consumer Debtors	**9,327,893**	**6,116,657**

35.3 Liquidity Risk

The risk that the entity will not be able to settle its obligations when they are due.

Equity (Net Assets)	33,357,887	31,363,556

36 SUBSEQUENT EVENTS

There have been no subsequent events from 1 July 2019 to the date of issuing of these financial statements, other than those disclosed herein.

37 RESTATEMENT OF COMPARATIVE INFORMATION

Statement of Financial Performance:	**Restated Comparative**

The items listed below have been reclassified within Property, Plant and Equipment from one class of assets to another in line with the updated Standard Charts of Accounts (SCOA) on the Asset Module in Munsoft.

Municipal Buildings	
- Cost	397,401
- Accumulated depreciation	(66,407)
Manufacturing Plant	
- Cost	(1,475,098)
- Accumulated depreciation	427,909
Furniture and Equipment	
- Cost	1,077,697
- Accumulated depreciation	(361,503)
	-

2018 Actual Revenue R	2018 Actual Expenditure R	2018 (Surplus)/ Deficit R		2019 Actual Revenue R	2019 Actual Expenditure R	2019 (Surplus)/ Deficit R
43 306 793	41 598 214	1 708 579	Administration	72 120 436	70 248 833	1 871 603
43 306 793	**41 598 214**	**1 708 579**	**(Surplus) for the year**	**72 120 436**	**70 248 833**	**1 871 603**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
SUPPLEMENTARY APPENDIX A : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

	Cost / Valuation					Accumulated Depreciation				
	Opening Balance	Additions	Write Offs / Valuations	Transfers/ WIP	Closing Balance	Opening Balance	Additions	Impairment loss/ Reversal of impairment loss/Transfer	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R
Manufacturing Plant	23 258 295	878 515	(12 104)	-	24 124 706	7 106 917	1 018 043	(529 060)	7 595 901	16 528 805
Municipal Buildings	1 394 976	-	-	-	1 394 976	106 414	46 640	-	153 054	1 241 923
Biological Assets	391 400	-	198,600	-	590 000	-	-	-	-	590 000
Furniture and Equipment	1 797 813	861 044	(28 781)	-	2 630 076	688 505	192 645	(24 797)	856 353	1 773 723
Motor Vehicle - Leases	-	2 761 044	-	-	2 761 044	-	687 742	-	687 742	2 073 302
Computer Equipment	5 705 342	492 500	(71 109)	856 246	6 982 979	175 393	133 599	(58 748)	250 243	6 732 735
	32 547 826	**4 993 103**	**86 606**	**856 246**	**38 483 781**	**8 077 230**	**2 078 668**	**(612 605)**	**9 543 293**	**28 940 488**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
SUPPLEMENTARY APPENDIX C(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

Description	2018/19 Original Budget	2018/19 Adjusted Budget	Prorata Budget	Actual Outcome	Variance	Variance %	Explanation of significant Variance greater than 10% versus Final Budget
	R		R	R	R		
Financial Performance							
Interest on investment	250 000	600 000	600 000	819 837	219 837	37%	More interest was realized than initially budgeted for. This is also dependant on interest rates offered by banks and the periods that amounts are invested for.
Government grants and subsidies	35 171 685	60 632 247	60 632 247	47 778 912	(12 853 336)	-21%	Additional allocations were received during the adjustments budget process, which could not all be spent during the year. These will be rolled over to the 2019/2020 financial year.
Other Income	19 556 040	20 749 935	20 749 935	23 521 687	2 771 752	13%	The variance is due to the additional provision of Amasi that the Entity was instructed by DOE to provide to the schools, which was not initially budgeted for but invoicing was done during the year.
Total Revenue (excluding capital transfers & contributions)	**54 977 725**	**81 982 182**	**81 982 182**	**72 120 436**	**(9 861 746)**	**-9%**	
Employee related costs	17 845 417	17 220 375	17 220 375	18 057 150	836 775	5%	Includes an amount for leave provision not initially budgeted for.
Directors Fees	631 200	666 016	666 016	660 017	(5 999)	-1%	Immaterial
Depreciation	1 474 584	1 474 584	1 474 584	2 107 851	633 267	43%	The over expenditure relates to the additional depreciation in respect of leased vehicles, which the Entity has to account for as part of assets
Repairs and Maintenance	1 710 000	1 785 164	1 785 164	1 091 025	(694 138)	-39%	A portion of the repairs to the tunnels was capital in nature and had to be booked on the capital budget - hence the low expenditure on the operational budget.
Contracted Services	18 217 239	16 454 896	16 454 896	20 582 175	4 127 278	25%	Immaterial
General Expenses	13 026 355	41 223 143	41 223 143	27 731 439	(13 491 704)	-33%	Expenditure includes grant expenditure for grants received during
Total Expenditure	**52 904 795**	**78 824 178**	**78 824 178**	**70 229 658**	**(12 721 799)**	**-12%**	
Surplus/(Deficit) before tax	**2 072 930**	**3 158 004**	**3 158 004**	**1 890 778**	**2 860 053**		
Surplus/(Deficit)	**2 072 930**	**3 158 004**	**3 158 004**	**1 890 778**	**2 860 053**	**0%**	
Capital expenditure & funds sources							
Internally generated funds	2 065 000	4 375 264	4 375 264	2 232 059	(2 143 205)	-40%	A grant received for the purchase of the NSNP tool was not used as the Entity was informed that Raset was developing the same tool for use by Development Agencies
Total sources of capital funds	**2 065 000**	**4 375 264**	**4 375 264**	**2 232 059**	**(2 143 205)**	**0%**	

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
SUPPLEMENTARY APPENDIX C(2): ACTUAL VERSUS BUDGET BY DEPARTMENT (REVENUE AND EXPENDITURE)
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

	Actual 2019	Budget 2019	Variance 2019
	R	R	R
REVENUE			
Rental Income	84 348	60 000	24 348
Interest on investment	819 837	600 000	219 837
Government grants and subsidies	47 778 912	60 632 247	(12 853 336)
Other income	23 437 339	20 689 935	2 747 404
Total Revenue	**72 120 436**	**81 982 182**	**(9 861 746)**
EXPENDITURE			
Organisational development	70 248 833	78 824 178	(8 575 345)
Total Expenditure	**70 248 833**	**78 824 178**	**(8 575 345)**
Surplus / (Deficit) for the year	**1 871 603**	**3 158 004**	**(1 286 401)**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
SUPPLEMENTARY APPENDIX C(3): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

	2019 Actual R	2019 Budget R	2019 Variance R	2019 Variance %
Administration	2 232 059	4 375 264	(2 143 205)	-49%
	2 232 059	**4 375 264**	**(2 143 205)**	**-49%**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
SUPPLEMENTARY APPENDIX D : GRANTS AND SUBSIDIES RECEIVED - 2018/2019
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2019

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Unspent Balance 2017/2018	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Adjustments and Transfers	Total Expenditure	Unspent Balance 2018/2019
		July 18 to Sept 18	Oct 18 to Dec 18	Jan 19 to Mar 19	April 19 to June 19		July 18 to Sept 18	Oct 18 to Dec 18	Jan 19 to Mar 19	April 19 to June 19			
		1	2	3	4		1	2	3	4			
Unconditional Grant - IDM	-	10 621 536	8 497 229	2 549 168	-	21 667 932	10 621 536	8 497 229	2 549 168		-	21 667 932	-
Ilembe District Municipality - LED	-	1 270 833	1 016 667	209 777	552 723	3 050 000	609 459	323 910	1 473 685	642 946		3 050 000	-
Ilembe District Municipality - Tourism	-	812 500	597 671	-	539 829	1 950 000	414 392	279 778	520 156	735 674		1 950 000	-
Development of SMMEs	-	1 658 333	1 297 788		1 023 879	3 980 000	417 800	1 572 200	283 984	1 706 016		3 980 000	-
SASA Grant	-	-	220 000	-	-	220 000	-	-	-	186 335	11 441	197 776	22 224
District Growth & Development Summit (	131 369	-	-			-	-					-	131 369
Maphumulo IEC Project	700 000	-	-	-	-	-	348 500	170 000	104 550	74 450	2 500	700 000	-
Raset Grant	-	-	-	5 000 000	-	5 000 000	-	-	-	588 119	88 218	676 337	4 323 663
Biomass Project	-	-	-	5 000 000	-	5 000 000	-	-	1 908 713	757 788	399 975	3 066 475	1 933 525
Public-Wifi	-	-	-	2 500 000	-	2 500 000	-	-	-	856 246	128 437	984 683	1 515 317
Mini Factories	-	-	-	2 500 000	-	2 500 000	-	-	-	-	-	-	2 500 000
UIF Training	-	-	-	15 670 813	-	15 670 813	-		2 656 000	9 343 307	-	11 999 307	3 671 506
YEP Grant	-	-	-	1 000 000	-	1 000 000	-	-	-	125 531	18 830	144 361	855 639
	831 369	14 363 202	11 629 354	34 429 758	2 116 431	62 538 745	12 411 687	10 843 116	9 496 256	15 016 411		48 416 871	14 953 242

Unspent grants as at 30 June 2018	**831 369**	**Unspent grants as at 30 June 2019**	**14 953 242**



The Municipal Manager

ILembe House
59/61 Mahatma Ghandi Street
KwaDukuza
4450

The Municipal Manager

P.O. Box 1788
KwaDukuza
4450